

1 UNITED STATES BANKRUPTCY COURT

2 SOUTHERN DISTRICT OF NEW YORK

3 Case No. 23-10063-shl

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5 In the Matter of:

6

7 GENESIS GLOBAL HOLDCO, LLC,

8

9 Debtor.

10 - - - - - x

11

12 United States Bankruptcy Court

13 300 Quarropas Street, Room 248

14 White Plains, NY 10601

15

16 January 23, 2023

17 2:00 PM

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21 B E F O R E :

22 HON SEAN H. LANE

23 U.S. BANKRUPTCY JUDGE

24

25 ECRO: UNKNOWN

1 HEARING re FIRST DAY HEARING

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3 HEARING re Doc. #29 Notice Of First Day Hearing

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5 HEARING re Doc. #2 (Joint Administration) Motion For Joint  
6 Administration

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8 HEARING re Doc. #14 (Consolidated Creditors List) Motion to  
9 Authorize /Debtors' Motion for Entry of Interim and Final  
10 Orders Waiving the Requirement that Each Debtor File a List  
11 of Creditors and Authorizing Preparation of a Consolidated  
12 List of Creditors, in Lieu of Submitting a Formatted Mailing  
13 Matrix, (II) Authorizing the Debtors to File a Consolidated  
14 List of the Debtors' Fifty (50) Largest Unsecured Creditors,  
15 (III) Authorizing the Debtors to Redact Certain Personally  
16 Identifiable Information, and (IV) Granting Related Relief

17  
18 HEARING re Doc. #3 (Schedules Extension/Waiver) Motion To  
19 Extend Deadline To File Schedules Or Provide Required  
20 Information / Debtors' Motion For An Order Extending Time To  
21 File Schedules Of Assets And Liabilities, Schedules Of  
22 Executory Contracts And Unexpired Leases, Statements Of  
23 Financial Affairs, And Rule 2015.3 Financial Reports

1 HEARING re Doc. #13 (Automatic Stay) Motion To Authorize  
2 Debtors To Operate Their Business In The Ordinary Course,  
3 And, Motion To Impose Automatic Stay  
4

5 HEARING re Doc. #15 (Cash Management) Motion To Authorize /  
6 Debtors' Motion For Entry Of Interim And Final Order (I)  
7 Authorizing Debtors To Continue To Operate The Existing Cash  
8 Management System, Including Existing Bank Accounts, Honor  
9 Certain Prepetition Obligations Related Thereto, and  
10 Maintain Existing Business Forms; (II) Permitting Continued  
11 Intercompany Transactions and Granting Certain  
12 Administrative Claims; (III) Extending the Time to Comply  
13 with the Requirements of Section 345 of the Bankruptcy Code  
14 and (IV) Granting Related Relief  
15

16 HEARING re Doc. #9 (Taxes And Fees) Motion To Pay Taxes  
17 /Debtors' Motion For Entry Of Interim And Final Orders  
18 Authorizing The Payment Of Certain Taxes And Fees  
19  
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1 HEARING re Doc. #11 (Critical Vendor) Motion To Authorize /  
2 Debtors' Motion For Entry Of Interim And Final Orders (I)  
3 Authorizing, But Not Directing, The Debtors To Pay Certain  
4 Prepetition Claims Of Critical Vendors And Foreign Vendors,  
5 (II) Authorizing And Directing Financial Institutions To  
6 Honor and Process Checks And Transfers Related To Such  
7 Claims And (III) Granting Related Relief

8  
9 HEARING re Doc. #16 (Employee Wages) Motion To Authorize /  
10 Motion Of Genesis Asia Pacific PTE. LTD. For Entry of  
11 Interim and Final Orders (I) Authorizing Genesis Asia  
12 Pacific PTE. LTD. To (A) Pay Certain Employee Wages and  
13 Other Compensation and Related Obligations and (B) Maintain  
14 and Continue Employee Benefits and Programs in the Ordinary  
15 Course, and (II) Authorizing and Directing Applicable Banks  
16 to Honor All Transfers Related to Such Obligations

17  
18 HEARING re Doc. #4 (Foreign Representative Appointment)  
19 Motion To Appoint / Debtors' Motion Pursuant To Section 1505  
20 Of The Bankruptcy Code For Authorization Of Genesis Asia  
21 Pacific Pte. Ltd. To Act As The Foreign Representative Of  
22 The Debtors

23  
24  
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1 HEARING re Doc. #10 (Case Management) Motion To Approve /  
2 Debtors' Motion For Entry Of An Order Implementing Certain  
3 Notice And Case Management Procedures

4  
5 HEARING re Doc. #12 (Kroll Claims An Noticing Agent) Motion  
6 To Appoint Kroll Restructuring Administration LLC As Claims  
7 And Noticing Agent

8  
9 HEARING re Doc. #17 (Islim Declaration) Declaration Of A.  
10 Derar Islim In Support Of First Day Motions And In  
11 Compliance With Local Rule 1007-2

12  
13 HEARING re Doc. #28 (Leto Declaration) Declaration Of  
14 Michael Leto Support Of First Day Motions And Applications  
15 In Compliance With Local Rule 1007-2

16  
17 HEARING re Doc. #19 (Aronzon Declaration) Declaration Of  
18 Paul Aronzon In Support Of First Day Motions And  
19 Applications In Compliance With Local Rule 1007-2

20  
21 HEARING re Doc. #20 (Plan) Joint Chapter 11 Plan

22  
23  
24  
25 Transcribed by: Sonya Ledanski Hyde

1 A P P E A R A N C E S :

2

3 CLEARY GOTTlieb STEEN & HAMILTON LLP

4 Attorneys for the Debtor

5 One Liberty Plaza

6 New York, NY 10006

7

8 BY: SEAN O'NEAL

9 JANE VANLARE

10 HOORI KIM

11 CHRISTIAN RIBEIRO

12 RICHARD C. MINOTT

13

14 WEIL, GOTSHAL & MANGES LLP

15 Attorneys for Digital Currency Group, Inc.

16 767 Fifth Avenue

17 New York, NY 10153

18

19 BY: JEFFREY SAFERSTEIN

20

21

22

23

24

25

1 KIRKLAND & ELLIS LLP

2 Attorneys for Ad Hoc Group of Creditors

3 601 Lexington Avenue

4 New York, NY 10022

5

6 BY: CHRISTOPHER MARCUS

7 ROSS J. FIEDLER

8

9 HUGHES HUBBARD & REED LLP

10 Attorneys for Gemini Trust Company, LLC,

11 Acting as Agent

12 One Battery Park Plaza

13 New York, NY 10004

14

15 BY: ANSON B. FRELINGHUYSEN

16 DUSTIN P. SMITH

17 JEFFREY S. MARGOLIN

18

19 PROSKAUER ROSE LLP

20 Attorneys for Ad Hoc Group of Genesis Customers

21 11 Times Square

22 New York, NY 10036

23

24 BY: BRIAN ROSEN

25 JORDAN SAZANT

1 UNITED STATES DEPARTMENT OF JUSTICE

2 Attorneys for the U.S. Trustee

3 201 Varick Street, Suite 1006

4 New York, NY 10014

5

6 BY: GREG ZIPES

7 MARK BRUH

8

9 WHITE CASE LLP

10 Attorneys for Kimchi Fund

11 111 South Wacker Drive, Suite 5100

12 Chicago, IL 60606

13

14 BY: GREGORY F. PESCE

15 J. CHRISTOPHER SHORE

16 PHILIP ABELSON

17

18 NORTON ROSE FULBRIGHT US LLP

19 Attorneys for Mirana Corp.

20 1301 Avenue of the Americas

21 New York, NY 10019

22

23 BY: ERIC D. DAUCHER

24

25 PAUL ARONZON, Declarant



1 ALSO PRESENT TELEPHONICALLY:

2

3 NATHANIEL ALLARD

4 ALISON R. AMBEAULT

5 ASHLAND BERNARD

6 MICHAEL BLACKMON

7 SABRINA BREMER

8 JESSI BROOKS

9 BRIAN BULTHIUS

10 DONALD BURKE

11 TOM CONHEENEY

12 JARED DERMOT

13 ROMA N. DESAI

14 MICHAEL DIYANNI

15 DANIEL EGGEMANN

16 GABRIEL EISENBERGER

17 DONALD FACKINA

18 MATTHEW ALLEN FELDMAN

19 DANIEL ISAAC FORMAN

20 ADAM J. GOLDBERG

21 DEBRA I. GRASSGREEN

22 BRANDON HAMMER

23 MIRANDA HATCH

24 AUTUMN HIGHSMITH

25 VICKY HUANG

1 VINCENT INDELICATO  
2 DERAR ISLIM  
3 ZUL JAMAL  
4 ALEXANDER JANGHORBANI  
5 BARAK KLEIN  
6 KONRAD LESSER  
7 MICHAEL LETO  
8 SAMUEL LEVANDER  
9 CHEYENNE LIGON  
10 DAVID LOOPEZ  
11 ALEXANDRA LOTTY  
12 CHRISTOPHER MARCUS  
13 JEFFREY S. MARGOLIN  
14 LAYLA MILLIGAN  
15 DAN T. MOSS  
16 OLIVER H.F. PARE  
17 JOHN PATOUHAS  
18 AMELIA POLLARD  
19 ARIANNA PRETTO-SAKMANN  
20 MOHIT RATHI  
21 JASON ROSELL  
22 BRIAN SANDLOW ROSEN  
23 ANDRES SAENZ  
24 JACK SCHICKLER  
25 JOE SCIAMETTA

1 MARK STANCIL  
2 BENJAMIN JOSEPH STEELE  
3 ANDREW SULLIVAN  
4 JOSHUA SUSSBERG  
5 ANDREW SWIFT  
6 NACIF TAOUSSE  
7 BENJAMIN TAYLOR  
8 TARA TIAN TIAN  
9 BRIAN TICHENOR  
10 DAVID TURETSKY  
11 FRANCISCO VAZQUEZ  
12 VALENTINA VLASOVA  
13 MEGAN VOLIN  
14 WANKUN WANG  
15 CHRISTOPHER WARD  
16 MICHAEL WEINBERG  
17 KATHRYN WITCHGER  
18 VICTOR P. ABRIANO  
19 OLGA ALLEN  
20 RACHEL B. ANDERSON RYNDERS  
21 NEGISA BALLUKU  
22 HUGH BELLAMY  
23 BRIANNA B. BILTER  
24 SOMA BISWAS  
25 THOMAS R. BRAZIEL

1 PHILLIP BRENDDEL  
2 ROBERT DOUGLAS BROWN  
3 GABRIEL BRUNSWICK  
4 GRANT CARROLL  
5 AMY CASTOR  
6 BIANCA CASTRO  
7 RYAN CHEN  
8 CATHERINE CHOE  
9 STEVEN CHURCH  
10 MIA COOPER  
11 CHARLES GOOCH COWDEN  
12 RUSSELL CRUMPLER  
13 JASON DIBATTISTA  
14 JAMES V. DREW  
15 CHRISTOPHER FARMER  
16 LISA FAUCHER  
17 MICHAEL FAY  
18 RYAN FINK  
19 JULIA FOSTER  
20 ERIC FRIEL  
21 ELLA GASPAR  
22 KIMBERLY GIANIS  
23 CINDI GIGLIO  
24 UDAY GORREPATI  
25 ROHAN GOSWAMI

1 BENJAMIN GRAHAM  
2 ROBERT P. GRATTAN  
3 LOREN HARMAN  
4 TAYLOR HARRISON  
5 MIRANDA HATCH  
6 JEREMY C. HILL  
7 DAVID HOLLERITH  
8 PATRICK HOLOHAN  
9 CHRISTIANA JOHNSON  
10 ROB JORDAN  
11 WENDY KANE  
12 CRYSTAL KIM  
13 MICHAEL KIM  
14 DIETRICH KNAUTH  
15 RYAN LAWLER  
16 CHRISTINE LEE  
17 MIKE LEGGE  
18 AMANDA LINDNER  
19 JONATHAN L. LOZANO  
20 KEN LUKASZEWSKI  
21 JOHN ANDREW MARCIN  
22 AKIKO MATSUDA  
23 KEITH MCCORMACK  
24 KYLE MCKUHEN  
25 ARJUN MEHRA

1 MICHELE MEISES  
2 DANIEL MITCHELL  
3 DAVID MOHAMED  
4 JAMES MURPHY  
5 PAUL MUSSER  
6 JAMES J. NANI  
7 DENNIS C. O'DONNELL  
8 TYLER OKADA  
9 LUKE PORCARI  
10 LINDA RIFKIN  
11 SHAYA ROCHESTER  
12 ABIGAIL RYAN  
13 MATT SEDIGH  
14 PETER SABA  
15 CAROLINE SALLS  
16 WILLIAM SCHATZ  
17 THERESE SCHEUER  
18 ANDREW SCURRIA  
19 THOMAS SHORT  
20 IAN SILVERBRAND  
21 RYAN STOUT  
22 VINCE SULLIVAN  
23 MITCHELL SUSSMAN  
24 ADAM SWINGLE  
25 WES TW

1 BRENDAN TELZROW  
2 KATE THOMAS  
3 KRISZTIAN TOTH  
4 ETHAN TROTZ  
5 MARIANNA UDEM  
6 WILLIAM UPTEGROVE  
7 MADELEINE VESCOVACCI  
8 LAUREN WALKER  
9 CHRISTOPHER A. WARD  
10 MOLLY WHITE  
11 STEVEN WHITE  
12 BRANDON J. WILLIAMS  
13 CHAD RYAN WOLFE  
14 ROBERT A. YACAVONIS  
15 LILY YARBOROUGH  
16 BENJAMIN HIRSCH  
17 JEAN-FRANCOIS ZAKY

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1 P R O C E E D I N G S

2 THE COURT: United States Bankruptcy Court for the  
3 Southern District of New York and we're here this afternoon  
4 for a so-called first day hearing in Genesis Global HoldCo  
5 LLC, a Chapter 11 case that was filed last week. And thank  
6 you for everybody's patience to start the hearing. I'd  
7 understood that there were people still logging in at a  
8 fairly substantial rate at one o'clock, so we gave it  
9 another ten minutes, but out of courtesy for everybody who's  
10 here for a one o'clock hearing, I didn't want to wait much  
11 past an extra ten minutes.

12 So we'll begin this hearing as we do all hearings,  
13 by getting appearances. I realize that there are quite a  
14 few people who are on Zoom for the hearing. The -- so my  
15 guidance would be if you know you're going to speak at  
16 today's hearing or you expect that you might have to speak,  
17 then those -- what we need appearances for. And if for some  
18 reason you don't make an appearance and you end up speaking,  
19 we can get your appearance later.

20 But, so with that, let me start by getting  
21 appearances from the counsel for the Debtors.

22 MR. O'NEAL: Good afternoon. Sorry, we're having  
23 a technical issue. Just one second.

24 THE COURT: All right. It's one of the joys of  
25 the pandemic on technical challenges, but we'll get there.



1 MR. O'NEAL: Okay. Hopefully, Your Honor, you can  
2 hear me now. It's --

3 THE COURT: Hear you just fine without the Wizard  
4 of Oz --

5 MR. O'NEAL: -- making an appearance again --

6 THE COURT: So --

7 MR. O'NEAL: I'm here with my colleague Jane  
8 VanLare.

9 THE COURT: All right. Any other folks on the  
10 Debtors' team to be introduced?

11 MS. KIM: Yes, Your Honor. This is Hoori Kim from  
12 Cleary Gottlieb, also here with my colleagues Christian  
13 Ribeiro and Richard Minott.

14 THE COURT: Good afternoon. Any other folks from  
15 the Debtors in capacity?

16 MR. O'NEAL: Your Honor, we're just testing our  
17 audio here. I apologize. Can you hear us?

18 THE COURT: We can hear you just fine.

19 MR. O'NEAL: I can't hear you.

20 THE COURT: And I will say, for anybody who might  
21 be having any challenges because again these things  
22 occasionally happen in this a world in which we live, the  
23 most important things that we can hear you. I confess I'm  
24 nothing particularly exciting to look at it. It's always  
25 nice when we have Zoom working appropriately, but I know

1 people have -- will have technical challenges. So if for  
2 some reason everything goes completely wrong for anyone,  
3 they should feel free to hang up and then grab a phone and  
4 dial the number that Zoom provides and that will work. And  
5 I just mentioned because I know we have quite a few people  
6 on the phone.

7 All right. Any other appearances from anybody?

8 MR. O'NEAL: Thank you very much, Your Honor.

9 THE COURT: Sure.

10 MR. SAFERSTEIN: Your Honor --

11 MR. ARONZON: This is Paul Aronzon. I'm one of  
12 the declarants. I'm a special committee member and the  
13 director. I'm not sure if you want my appearance, but I  
14 thought I would mention I'm on.

15 THE COURT: Well I did see you. Happy to have  
16 your appearance. Thank you very much. And I think there  
17 was someone else who was going to chime in.

18 MR. SAFERSTEIN: Yes, good afternoon, Your Honor.  
19 Jeffrey Saferstein from Weil Gotshal and Manges on behalf of  
20 Digital Currency Group, which is the ultimate parent company  
21 to the Debtors.

22 THE COURT: All right. Anyone else from --  
23 associated with Digital Currency Group? All right. In the  
24 list of appearances, I did see some folks associated with  
25 one or more of the Gemini entities. Let me get those

1 appearances, if necessary.

2 MR. MARCUS: Your Honor, this is Christopher  
3 Marcus from Kirkland and Ellis on behalf of Ad Hoc Group of  
4 Creditors, one of which is Gemini. I'm here with my  
5 colleague Ross Fiedler as well.

6 THE COURT: All right. Good to have you.

7 MR. FRELINGHUYSEN: Good afternoon, Your Honor.  
8 This is Anson Frelinghuysen from Hughes Hubbard and Reed.  
9 I'm here with my colleagues Dusty Smith and Jeff Margolin  
10 and we're representing Gemini as agent for the Earn users.

11 THE COURT: All right. Good to have you as well.  
12 Anyone else associated with Gemini? All right with that,  
13 we'll move on to any other ad hoc groups. I know there are  
14 a few in this case. Any other appearances on that score?

15 MR. ROSEN: Yes, Your Honor. This is Brian Rosen  
16 from Proskauer Rose. I'm here with my colleague Jordan  
17 Sazant. We represent an Ad Hoc Group of lenders in excess  
18 of \$1.5 billion of claims against GGC.

19 THE COURT: All right. And Mr. Rosen, I can hear  
20 you, you're a little bit faint, so you might want to get  
21 closer to whatever microphone there is, just to be on the  
22 safe side. All right. Any other appearances from any other  
23 ad hoc group?

24 Let me get appearances from the United States  
25 Trustee's Office.

1 MR. ZIPES: Good afternoon, Your Honor. Greg  
2 Zipes with the U.S. Trustee's Office. I'm here with various  
3 colleagues including Mark Bruh, my co-counsel in this  
4 matter.

5 THE COURT: All right, good afternoon.

6 MR. ZIPES: Good afternoon.

7 THE COURT: And there are numerous folks who have  
8 registered on Zoom representing "an interested party." I  
9 suspect most of those folks don't need to make an  
10 appearance, but is there any other party who does need to  
11 make an appearance at this point?

12 MR. PESCE: Your Honor, it's Gregory Pesce from  
13 White and Case on behalf of the Kimchi Fund. I'm joined  
14 today by my partners Chris Shore and Phil Abelson.

15 THE COURT: All right. Good afternoon. Any other  
16 folks?

17 MR. DAUCHER: Yes, Your Honor. Eric Daucher from  
18 Norton Rose Fulbright on behalf of Mirana Corp.

19 THE COURT: Good afternoon. Anyone else? All  
20 right, waiting sort of a Zoom appropriate amount of time for  
21 anyone else to chime in. I think we appear to be set, and  
22 again if somebody does need to chime in who hasn't make an  
23 appearance, we'll get appearance at that time.

24 So I do have a binder of everything that was filed  
25 that was sent to me. Thank you very much for that. And I

1 do also have a copy of some filings that took place  
2 afterwards. That is Docket 28, the declaration of Michael  
3 Leto as well as a revised case management order. So I have  
4 all that in front of me, and with that I will turn it over  
5 to Debtors' counsel to start to walk us through what we need  
6 to address here today.

7 MR. O'NEAL: Sure. Thank you, Your Honor. Sean  
8 O'Neal again, Cleary Gottlieb Steen and Hamilton on behalf  
9 of the Genesis Debtors. Just want to make sure you can hear  
10 me okay.

11 THE COURT: I can hear you just fine.

12 MR. O'NEAL: Super. Okay. Appreciate your  
13 scheduling the hearing this afternoon and we look forward to  
14 answering any questions you may have. We'd like to begin  
15 with a road map for today's proceedings which will  
16 eventually lead us to a road map for the cases.

17 First, I just -- I'll make a few remarks and then  
18 I'll turn it over to my colleague Jane VanLare to kind of go  
19 through a PowerPoint presentation about Genesis' business  
20 and then as part of that -- as part of that presentation  
21 you'll learn that we're only dealing with part of the  
22 Genesis business in these Chapter 11 proceedings. The only  
23 Debtors here are three Debtors, Holding Company and GGC and  
24 Gap.

25 That's really part of our borrowing and lending

1 business. And that's the only part of the business that's  
2 actually in these Chapter 11 proceedings. And you'll hear  
3 more about that. In addition to -- during today's  
4 presentation, you'll hear that really in the wake of  
5 tremendous dislocation in the crypto market including the  
6 bankruptcy filings of FTX which happened in early November,  
7 Genesis paused all of its lending withdrawals. That  
8 occurred on November 16th.

9 The purpose of this pause -- and sometimes you  
10 might hear us call it, you know, putting up the gates. As  
11 part of that pause of withdrawals, our goal was to treat  
12 creditors fairly, to treat them equitably, and to maximize  
13 recoveries for all stakeholders. And in particular, we  
14 really wanted to create a framework for discussions with  
15 creditors so we could somehow reach a consensual resolution.

16 And since that time we have been operating really  
17 around the clock trying to reach a resolution with our  
18 creditors. We're fortunate that we have two ad hoc groups  
19 that represent a very large portion of the debt, roughly  
20 \$2.4 billion if not more.

21 Secondly, after going through the presentation,  
22 we're going to through the first day motions. Jane VanLare  
23 and some of our associates will lead that process. We've  
24 been working with the U.S. Trustee over the past few days,  
25 and I'm pleased to report that I believe we've resolved all

1 material issues with the first day motions with the U.S.  
2 Trustee. More on that later, but I believe that we've done  
3 that.

4 And importantly, as I'm sure you've already  
5 observed, we don't have a DIP motion or cash collateral  
6 motion here. We don't have encumbered cash and we don't  
7 need DIP financing. We've got more than \$150 million in  
8 unencumbered cash. And of course we're available to answer  
9 any questions that you may have as we go through the  
10 hearing, but really before we kind -- I kick it over to Ms.  
11 VanLare, I'd like to just say just a few words to kind of  
12 set up the context, with your permission.

13 THE COURT: Certainly.

14 MR. O'NEAL: So really what I -- today we'd like  
15 to talk less about where we've been but where we're going,  
16 because this is not a case without a plan. This is a case  
17 with a plan. We have a clear roadmap for this Chapter 11  
18 case. We've filed a plan and that plan is confirmable on  
19 its face. We have outlined in terms of that plan in the  
20 Aronzon declaration and we have a timeline and an approach  
21 to get through this case as quickly as possible.

22 We really want to avoid getting involved in kind  
23 of a prolonged case with litigation that effectively  
24 destroys value that would otherwise be available for the  
25 creditors. That is our goal. Our number one goal here is

1 to reach a consensual resolution with the creditors. That's  
2 the framework that we built with our plan and our roadmap.

3 In terms of the parties, on the one hand, we  
4 obviously have the Debtors, the Genesis Debtors. On the  
5 other hand, we have our corporate parent, Digital Currency  
6 Group. You'll hear it called DCG. That is not part of  
7 these proceedings. They have separate counsel and they have  
8 separate advisors and it's a separate governance structure.  
9 DCG is our largest borrower. DCG currently owes us roughly  
10 \$1.65 billion. You'll see that in the first day papers,  
11 including a \$1.1 billion note that's due in 2032.

12 And in addition, we have a variety of our lenders  
13 who are owed more than, you know, roughly speaking \$3.5  
14 billion or so. And then another key player in this case is  
15 our Special Committee. The Special Committee was appointed  
16 on November 18th, 2022. You'll notice that that's a few  
17 days after the pause. It's comprised of two independent  
18 directors, Paul Aronzon whose declaration you saw and really  
19 needs no introduction given his 40 years of experience in  
20 the restructuring world, and then Tom -- Thomas Conheaney.  
21 He's a highly respected and thoughtful leader in the  
22 financial sector, having dealt with many complex situations  
23 over the course of his professional career.

24 The Special Committee in this case has been fully  
25 delegated, all responsibilities related to the



1 restructuring. That includes the decision to file  
2 bankruptcy, the decision to investigate potential claims,  
3 any kind of plan of reorganization. That is all within the  
4 purview of the of the Special Committee. And we did that  
5 because you know, DCG, our corporate parent actually owes  
6 the Debtors a substantial sum of money, \$1.65 billion.

7 And so we wanted to be sure that we had proper  
8 governance in place. So all of the company's advisors  
9 including Cleary and Moelis and A&M report to the Special  
10 Committee, and that's who directs our activities.

11 Since we paused the withdrawals, we've been  
12 engaged as I said in 'round the clock negotiations with our  
13 lenders and DCG. I've kind of lost count, but we've  
14 exchanged at least 15 iterations of various term sheets  
15 including some, you know, not very long ago today, and we're  
16 continuing to have those discussions. They've been  
17 incredibly productive and constructive, but to date, just  
18 sitting here right now, we don't have a deal with our with  
19 our creditors but we are quite close.

20 And the substantial progress that we've made to  
21 date is really no accident. It's really the result of a lot  
22 of hard work, not only by the Debtors' advisors, but really  
23 by the ad hoc group advisors. Here we're dealing with  
24 Houlihan and Proskauer and Kirkland, all of whom have come  
25 to the table in a very reasonable fashion to try to help us

1 solve this issue and to really provide for the maximized  
2 recoveries to the creditors to the highest extent possible.

3 Now we're going to continue these discussions and  
4 while we do have some measure of confidence that we will  
5 succeed, you know, this is -- it is a challenging situation.  
6 And if we don't reach a resolution within the next few days,  
7 I think we called it imminently in our first day pleadings,  
8 we will be coming to Your Honor with a request to appoint a  
9 mediator. We've been at this for two months. We've made  
10 substantial progress, but it may be at some point in time we  
11 will need the help of a facilitator to bring it over the  
12 line.

13 As we continue the discussions with the creditors  
14 and attempts to reach a resolution, we're going to be  
15 pursuing our plan. The plan we have on file was filed  
16 actually on the petition date, and so that's very important  
17 to us to pursue that plan. It's an imminently confirmable  
18 plan that provides recoveries to the creditors.

19 In addition, as we're pursuing this plan, we have  
20 been asked by the Special Committee to continue an  
21 investigation into various transactions occurring before the  
22 bankruptcy petition date. That is ongoing and that is led  
23 by one of our partners at Cleary under the direction of the  
24 Special Committee and we are accelerating that that  
25 investigation at a rapid pace even as we are having our

1 negotiations.

2 In addition, as part of this process and as part  
3 of this plan, we are going to start implementing a marketing  
4 and sales process. That will be, you know, really in  
5 pursuit of a possible sale or capital raise or an  
6 equitization, but we are going to continue those efforts as  
7 well. And so there's a whole lot to do here, but we're  
8 fortunate that we have an engaged creditor body and an  
9 engaged creditor group.

10 And with that, Your Honor, I'm happy to answer any  
11 questions or we can just turn it over to Ms. VanLare for the  
12 first day presentation.

13 THE COURT: I'm happy to turn it over to Ms.  
14 VanLare at this point. Please proceed, Counsel.

15 MR. O'NEAL: Thank you, Your Honor.

16 MS. VANLARE: Good afternoon, Your Honor. Jane  
17 VanLare, Cleary Gottlieb Steen and Hamilton, proposed  
18 counsel to the Debtors. It's a pleasure to be before you  
19 again, Your Honor.

20 As for my part of the presentation, what I'd like  
21 to do is give you an overview, as Mr. O'Neal has said. We  
22 have a presentation prepared. And then we'll go into the  
23 presentation of the first day motions. Before we do that  
24 though, Your Honor, I'd just like to briefly introduce some  
25 members of our team who will be presenting some of the first

1 motions. So with us in the virtual courtroom here today are  
2 my colleagues, Mr. Minott, Mr. Christian Ribeiro, and Ms.  
3 Hoori Kim. In addition --

4 THE COURT: All right. I can see them all here.  
5 Thank you for the introduction.

6 MS. VANLARE: Thank you, Your Honor. IN addition,  
7 we also do have here our first day declarants. We do have  
8 three. Mr. Aronzon already introduced himself. In  
9 addition, Your Honor, we have Mr. Derar Islim who is an  
10 interim CEO for the company. We also have Mr. Michael Leto  
11 who is the managing director with Alvarez and Marsal,  
12 proposed financial advisor to the company, and all three  
13 submitted first day declarations.

14 And actually before I move into my presentation,  
15 I'd like to move their declarations into evidence, Your  
16 Honor.

17 THE COURT: All right. Anybody wish to be heard  
18 as to the request to move the three declarations into  
19 evidence for purposes of today's first day hearing,  
20 including consideration of the first day motions.

21 MR. ZIPES: Your Honor, Greg Zipes with the U.S.  
22 Trustee's Office. No objection, but we may have questions  
23 for the declarants, depending on what happens. We're not  
24 anticipating that necessarily, but we reserve our rights.

25 THE COURT: All right, that's fine. Anyone else

1 wish to be heard? All right. Hearing no further responses,  
2 I'm happy to accept those declarations and by -- in  
3 accepting them, I'm going to accept the declaration of Mr.  
4 Leto that's at Docket No. 28 as opposed to the one that was  
5 filed earlier. I think there were some technical things  
6 that need to be addressed and that led to the filing and  
7 that's why it's not a -- it's in substance the same, is  
8 understanding, which is why it's not listed as an amended or  
9 corrected declaration. The declaration is the same. I  
10 think it's just a matter of what information was blacked  
11 out. Is that right, Counsel?

12 MS. VANLARE: That's exactly right, Your Honor.  
13 Nothing in the declaration itself was changed in any way.  
14 The only difference was that certain information in the  
15 creditor list was redacted, and I will explain more as to  
16 why we did what we did as part of the presentation of the  
17 first day motions.

18 THE COURT: All right. Yeah, no, I just wanted to  
19 mention that just in case somebody was confused by the fact  
20 that they clicked on, I think it's Docket 18 and they were  
21 directed to Docket 28. It's the same document. It's just a  
22 matter of sort of the up-to-date redactions. So, great.  
23 Yeah, I think that'll come up in connection with one of the  
24 motions. All right. Please --

25 MS. VANLARE: Yes, Your Honor. Okay. With that,

1 I will ask my colleague Mr. Minott to share the  
2 presentation.

3 THE COURT: All right. I have it up on my screen  
4 which I assume -- which I assume means that everybody else  
5 does as well, so proceed.

6 MS. VANLARE: Excellent. Thank you, Your Honor.  
7 So Richard, if we could scroll to the to the org chart.  
8 We'll start, Your Honor, with giving you a brief overview of  
9 the corporate structure and then we'll proceed to describe  
10 the operations and tell you about why we're here in Chapter  
11 11 and what we hope to achieve.

12 First just to set the stage, we did want to have  
13 the org chart in front of you. As Mr. O'Neal has already  
14 previewed, at the top, you can see there digital currency  
15 group. That's the parent. We refer to them as DCG. Below  
16 that entity is Genesis Global HoldCo. That is one of the  
17 three Debtors. That's a holding company. And on this org  
18 chart, Your Honor, the Debtor entities are shaded in gray.  
19 That way you can see which entities are in Chapter 11 and  
20 which are not.

21 And you can see that a number of our affiliates  
22 are not in bankruptcy. So briefly, I mentioned Genesis  
23 Global HoldCo is the holding company. To the left, bottom  
24 and left, is Genesis Global Capital LLC. That is another  
25 Debtor. That entity is primarily engaged in the business of

1 borrowing and lending digital assets. As you may have seen  
2 from our first day presentation, the lending business was  
3 paused on November 16th, so it's currently not engaging in  
4 that business, but that is its core business.

5 Then we also have on the right Genesis Asia  
6 Pacific, that's a Singapore entity. We -- the deviation for  
7 that entity is GAP. That entity is also involved in the  
8 lending business. Similarly, that business was paused on  
9 November 16th. GAP is also involved in some limited  
10 trading, which I'll describe later on in the presentation.

11 In addition, under Genesis HoldCo, there are a  
12 number of other entities. I'll describe the other parts of  
13 the business later on, but just to point out the other  
14 entities on the left. There's a custody entity. There's a  
15 custody business. There is also kind of in the center on  
16 the bottom there's GGC International. That's an entity that  
17 is engaged in derivative services and also has some trading.  
18 Those entities are not part of the Chapter 11 proceeding.  
19 There are number of other entities here as well that don't  
20 have significant, if any, business operations.

21 Also I'd like to point out there's a non-Debtor  
22 affiliate that's a sister company to Genesis HoldCo. That's  
23 Genesis Global Trading. That's directly underneath DCG to  
24 the right of HoldCo. We refer to that as GGT. That entity  
25 is a broker dealer. It is not part of the Chapter 11

1 proceedings. It is of course an affiliate. So with that,  
2 if we could move on to the next slide.

3 Okay. So as I previewed just now, there are four  
4 principal types of services that are offered. There's a  
5 trading business, a yield and borrowing or lending business,  
6 a derivatives business, and a custody business. So briefly,  
7 I'll just spend a little bit of time describing each of  
8 these.

9 With trading, these are primarily spot trading  
10 services for institutional investors. Just to give Your  
11 Honor sense of the magnitude of the business, through third  
12 quarter of 2022, the spot trading volume was over \$38  
13 billion. This entity -- excuse me -- this business is  
14 carried on primarily by GGT, the entity that I mentioned a  
15 few minutes ago that is a sister company to HoldCo. There's  
16 also some limited trading activity at the Singapore entity  
17 which is a Debtor.

18 And on that, just like to describe the type of  
19 trading that is continuing. Unlike the lending business  
20 which has been paused as I mentioned, the Singapore entity  
21 is continuing some limited trading, the spot trading.  
22 Essentially, clients pre-fund to -- and the Singapore entity  
23 GAP undertakes trades on behalf of those clients. There is  
24 -- GAP takes minimal risk in executing those trades because  
25 as I mentioned they are pre-funded, and we think it's



1 important, Your Honor, for the business as a whole to  
2 preserve that activity.

3 Next we've got the lending business. That's the  
4 second column. This is really the bulk of what the Debtors  
5 were doing prior to the pause. That's GGC, the Genesis  
6 capital entity. That's its primary business. And again, to  
7 give you a sense of the magnitude here through third quarter  
8 of 2022, GGC and CAP originated loans totaling over \$93  
9 billion. As I mentioned, this is GGC which is a Debtor, and  
10 GAP which is one of the other Debtors.

11 Next, we have a derivatives business. That is  
12 carried on by non-Debtor affiliates, primarily GGCI, and the  
13 volume there through third quarter was over \$73 billion.

14 Last, there is a custody business. I pointed out  
15 the entity when we were looking at the org chart. There is  
16 a custody business as well and that -- just again to give  
17 some sense of the magnitude, approximately 90 customers as  
18 of year end. With that, if we can go on to the next slide,  
19 please.

20 So the events leading up. Why are we here? As  
21 I'm sure you know, Your Honor, the digital assets industry  
22 has been experiencing a lot of difficulties over the course  
23 of the last six months. It all -- there are a number of key  
24 events that lead to the so-called crypto winter. First, you  
25 had the Terra Luna collapse in May of '22. That was

1 promptly followed by the liquidation of Three Arrows Capital  
2 in June. After that, Voyager and Celsius filed for  
3 bankruptcy in July of 2022. And then in November -- and  
4 this is really important to our Debtors -- FTX bankruptcy  
5 occurred on November 11th and 14th of 2022.

6 Each of these events led to a decrease in investor  
7 confidence in digital assets and the market really hadn't  
8 fully recovered from the Terra Luna collapse that I  
9 mentioned from May and the liquidation of Three Arrows  
10 Capital, and so what happened in the fall of 2022 and  
11 particularly precipitated by the FTX bankruptcy is that  
12 Genesis received an extremely high number and volume of  
13 calls on its loans and essentially faced a run on the bank.  
14 We could have the next slide please.

15 So what did we do in response? Fairly quickly, we  
16 instituted a pause on November 16th. Genesis paused all  
17 withdrawals and this was done to preserve and maximize the  
18 value of the Debtors to ensure fair distribution to the  
19 creditors and to stop the run on the bank. So all lending  
20 and borrowing business was paused and that remains today --  
21 it remains true today.

22 We also undertook some governance initiatives that  
23 Mr. O'Neal described. We formed a Special Committee for  
24 Genesis Global HoldCo on November 18th. That Special  
25 Committee is comprised of two independent directors, Paul

1 Aronzon and Thomas Conheeney. The board fully delegated all  
2 matters relating to the restructuring to the Special  
3 Committee, including the decision to file for Chapter 11  
4 proceedings.

5 The company also hired advisers -- Cleary  
6 Gottlieb, Moelis and Company, Alvarez and Marsal -- that  
7 report directly to the Special Committee. The Special  
8 Committee has met frequently, Your Honor, to discuss and  
9 evaluate various matters within its purview relating to the  
10 Debtors. And as part of that, and as my colleague  
11 described, Mr. O'Neal, the Special Committee also commenced  
12 an investigation into certain prepetition transactions in  
13 accordance with its fiduciary duties.

14 We've all -- we've had a tremendous, tremendous  
15 level of stakeholder engagement since mid-November. Under  
16 the direction of the Special Committee, we've been engaged  
17 with around the clock discussions with various creditors,  
18 creditor groups, representing more than \$2 billion in  
19 outstanding loans. We've provided a substantial amount of  
20 information to advisors to the creditors who've conducted  
21 diligence.

22 We facilitated discussions and in-person meetings.  
23 We've exchanged more than 12 iterations of a term sheet. We  
24 believe we're close, as Mr. O'Neal had mentioned,; and will  
25 continue working extremely hard to achieve a resolution.

1 We've also been engaged with DCG and its advisors.

2 Few words about the capital structure, the assets.

3 So as of the petition date, the Debtors have more than 150

4 million in cash, approximately 500 million in digital

5 assets, approximately 385 million in shares and brokerage

6 accounts. We also have approximately 505 million in

7 outstanding loans where GGC is the lender on those loans to

8 third parties. We note in that -- in connection with those

9 loans, GC received approximately 553 million in collateral.

10 We also, as we mentioned, have substantial claims

11 against the DCG entities including loans in the amount of

12 approximately 575 million maturing in May of 2023 and a \$1.1

13 billion promissory that matures in 2032.

14 Now a few words about our outstanding obligations.

15 So we have institutional and high net worth lenders. As of

16 November 30th, GGC and GAP had outstanding borrowings of

17 approximately 2.6 billion with a almost 600 nonaffiliated

18 lenders. And we've posted approximately 351 million in

19 collateral. We also have the Gemini lenders, so Gemini

20 Trust Company acts as an agent in connection with GGC's

21 borrowing of digital assets from Gemini's customers.

22 Genesis does not deal directly with any of them. We don't

23 know their identity or the loan amounts or repayment

24 schedules.

25 On November 16th, 2022, Gemini foreclosed on the

1 collateral. And the proceeds from the sale of that  
2 collateral amounted to almost 284 -- for approximately \$284  
3 million. We do dispute that that foreclosure was done in  
4 accordance with applicable law.

5 A few words on the restructuring to date and our  
6 next steps. So just as a brief introduction to the  
7 advisors, we've got Cleary Gottlieb, proposed counsel;  
8 Moelis & Company, proposed investment banker; Kroll as our  
9 proposed notice and claims agent; and we've got Alvarez and  
10 Marsal, proposed financial advisor to the Debtors. All of  
11 the advisors have been working very, very hard over the last  
12 two months to get to today and will continue doing so if we  
13 are retained to bring this case to a close.

14 The plan. As Mr. O'Neal has already previewed, we  
15 do intend to conduct a marketing and sales process and/or  
16 raise additional capital. If the process does not result in  
17 the sale of a business, the equity interests in GGH which is  
18 the HoldCo entity will be distributed to the Debtors'  
19 creditors.

20 We filed a plan, as Your Honor saw, as Mr. O'Neal  
21 described, and under that plan and -- general unsecured  
22 claims would receive a combination of cash and other assets,  
23 equity interests in HoldCo, and then general unsecured  
24 creditor trust units, entitling them to receive pro rata  
25 shares proceeds from certain claims.

1           Next steps, Your Honor. We intend to continue  
2       working very hard. Continue engaging in discussions with  
3       creditors and make revisions to the plan, if those  
4       agreements are reached. If they're not reached, as Mr.  
5       O'Neal has mentioned, we do intend to request the  
6       appointment of a mediator. Our hope is to facilitate a  
7       global resolution and do so as quickly and efficiently as we  
8       can so we can return value and distribute value to our  
9       creditors.

10           Thank you, Your Honor. That concludes our  
11       overview presentation. We'd like to move into the first day  
12       motions, but before I do that I'd like to give an  
13       opportunity, with your permission Your Honor, to counsel to  
14       some of the other advisers to the ad hoc groups to say a few  
15       words if they wish before moving on to the first day relief.

16           THE COURT: All right, I'm happy to do that. I  
17       did have one question based on your presentation, what the  
18       word imminently meant in this context. I realize that  
19       there's no precise date, I would imagine, but I wasn't sure  
20       of what your general timeline is. Had a case filed this  
21       summer, for example, what was in a similar circumstance. So  
22       I'm just curious what you envision --

23           MR. O'NEAL: Sure.

24           THE COURT: -- imminently looking like in this --

25           MR. O'NEAL: Sure, and I -- Your Honor, Sean

1 O'Neal again. And I think you're referring to our  
2 suggestion that if we don't reach a deal imminently, we will  
3 ask Your Honor to appoint a mediator. Is that correct?

4 THE COURT: Right. Correct.

5 MR. O'NEAL: Yes. I would say imminently is  
6 really end of this week. And if we don't reach a conclusion  
7 by the end of this week, at least to a deal in principle, we  
8 will seek the appointment of a mediator. It has been two  
9 months. Actually sitting here right now, I think we can --  
10 I don't think we're going to need a mediator. I think we're  
11 going to be able to get to a deal. We've got very engaged  
12 in productive discussions going on.

13 THE COURT: All right. We can talk about that in  
14 the context of further proceedings at the end of the  
15 hearing, but it sounds like that would fall between today  
16 and a second day hearing if that's necessary. So I'll make  
17 sure to get you whatever time you need, to the extent it  
18 might be something like a status conference or whatever it  
19 is, to touch base on that. And so we'll get there, but it  
20 sounds like let's go through the motions first and then we  
21 can talk about scheduling towards the end.

22 MR. O'NEAL: We appreciate it, and also Your  
23 Honor, I'm very much an optimist. So --

24 THE COURT: Well, I don't want to rain on any  
25 parades at this point --

1 MR. O'NEAL: Right. So don't --

2 THE COURT: -- certainly that's fine.

3 MR. O'NEAL: Yeah. Yes. Thank you.

4 MR. ROSEN: Your Honor, this is Brian Rosen. Are  
5 you able to hear me a little bit better now?

6 THE COURT: Yeah, I can hear you just fine. Thank  
7 you.

8 MR. ROSEN: Thank you, Your Honor. And thank you,  
9 Ms. VanLare for passing the baton over this way. Your  
10 Honor, as I said before, we represent a group of creditors  
11 holding in excess of \$1.5 billion worth of claims and we  
12 have been working very collaboratively with Mr. Marcus'  
13 group from Kirkland and Ellis who holds a considerable  
14 amount of claims as well to create essentially a unified  
15 creditor body to have conversations with the Debtor and with  
16 DCG.

17 We did bring along Houlihan Lokey to serve as our  
18 financial advisor to assist in those conversations. And as  
19 Mr. O'Neal has said, we've been negotiating for the better  
20 part or at least gathering information and then negotiating  
21 for the better part of approximately two months. And I  
22 loved his positive attitude about imminent. We all thought  
23 imminent might have been over the weekend, but unfortunately  
24 we were unable to get there. But we are hopeful as we inch  
25 little bit by bit closer and closer to trying to reach an



1 accord by the end of this week.

2 Only time will tell. There are some economic  
3 issues that remain between the parties and our principles do  
4 engage in direct communications, both by text and phone and  
5 whatever other means they do in this pandemic world, as you  
6 indicated before. But we are getting closer and we're  
7 hopeful that we will reach an accord.

8 As Mr. O'Neal said, in the event that we're  
9 unsuccessful though, I believe that the unsecured creditors  
10 would be supportive of the mediation process and working  
11 side by side with Cleary Gottlieb and the Debtors in that  
12 regard to try and reach an understanding with respect to the  
13 claims and cause of action that the Debtors believe are  
14 outstanding and in connection with the overall  
15 restructuring.

16 Unless Your Honor has any questions, I would pass  
17 the podium to someone else.

18 THE COURT: All right. I do not. Thank you very  
19 much for that information. Any other party wish to be heard  
20 as to the status of the case?

21 MR. MARCUS: Your Honor, this is Chris Marcus from  
22 Kirkland and Ellis. Can you hear me okay?

23 THE COURT: Can hear you just fine.

24 MR. MARCUS: Thanks, Your Honor. So one  
25 additional point that I wanted to make, you know, to add on

1 what everybody is saying. You know, we do represent a group  
2 of GDC creditors that hold approximately a billion and a  
3 half in claim amounts. Those are comprised of both domestic  
4 and foreign institutions. Also one of those is, as I  
5 mentioned before, Gemini Trust Company.

6 So it's really not just institutions we're talking  
7 about. It's traditional type of trade creditors that we see  
8 in a lot of these Chapter 11 cases. In these crypto cases,  
9 you know, we have individuals and in this case there's  
10 literally hundreds of thousands of individuals whose money  
11 is at stake. And we have been focused -- I agree with Mr.  
12 Rosen.

13 I agree with Mr. O'Neal about the work that  
14 everybody's putting in, the ad hoc group, Kirkland,  
15 Proskauer, Houlihan, the folks representing DCG as well have  
16 been working around the clock, and the Debtors'  
17 professionals, to get to a value maximizing recovery for all  
18 creditors, but not just value maximizing, value maximizing  
19 as quickly as possible so we can get recovery back into the  
20 hands of the individuals that we're looking out for here.

21 So there is some more work to do. I'm going to be  
22 cautiously optimistic as well, but I can confirm what  
23 everybody said already, Your Honor, about the hard work  
24 that's gone into getting us to the point where we are.  
25 Hopefully, we can get there before mediation is required.

1 Thank you, Your Honor.

2 THE COURT: All right, thank you. Any other party  
3 that wishes to be heard as to status before we turn to the  
4 first day motions?

5 MR. SAFERSTEIN: Your Honor, if I may, Jeffrey  
6 Saferstein from Weil Gotshal and Manges on behalf of Digital  
7 Currency Group.

8 THE COURT: Certainly.

9 MR. SAFERSTEIN: Your Honor, I just want to echo  
10 everybody's comments here on behalf of DCG, the parent  
11 company. We want nothing more than to see a successful  
12 restructuring here and to do it quickly. And as everybody  
13 has said, we've been working around the clock to try to come  
14 to a deal. I do think we are very close from our  
15 perspective as well. We will continue to work hard to come  
16 to an agreement and we hope to be able to report back to the  
17 Court shortly that we're there and we can resolve this case,  
18 you know, in a quick manner and one that's acceptable to all  
19 parties. Thank you.

20 THE COURT: Thank you. Any other party that  
21 wishes to be heard on status?

22 MR. DAUCHER: Good afternoon, Your Honor. Eric  
23 Daucher from Norton Rose Fulbright on behalf of Mirana Corp.  
24 I just wanted to address the Court briefly this afternoon.  
25 Mirana Corp. is one of the major creditors of Debtor Genesis

1 Asia Pacific, which to my knowledge sets it apart a little  
2 bit from the ad hoc group with which the Debtors have been  
3 engaging, which again to my knowledge are comprised of  
4 creditors of the Debtor Genesis Global Capital.

5 We haven't participated in the discussions that  
6 all the parties have mentioned, which sound promising. Very  
7 much interested in seeing how much progress is being made  
8 and whether that stands to benefit all of the creditors or  
9 just the creditors of one or two of the Debtors. And we  
10 note that the first day declaration mentioned at a very high  
11 level a number of pre-bankruptcy transactions between and  
12 among the Debtors and certain of their affiliates and  
13 controlling parties.

14 At least as an initial matter, Mirana has some  
15 serious concerns about some of those transactions. And so  
16 we look forward to a full explanation of them and hopefully  
17 a deal that resolves them in a way that is acceptable to  
18 creditors of all Debtors. So with that, I'll cede the  
19 virtual podium. Thank you.

20 THE COURT: Thank you. Any other party that  
21 wishes to be heard?

22 MR. ZIPES: Your Honor, Greg Zipes with the U.S.  
23 Trustee's Office. I wanted to point out, first of all that  
24 my office is soliciting for a Creditors Committee in this  
25 case and it's -- the deadline is January 30th. We are --

1 the notice is posted on the Kroll website as well as U.S.  
2 Trustee website as well and we had sent out emails to the  
3 Debtors' list of top 50 creditors. So that's number one.

4 We also wanted to acknowledge the professionalism  
5 of everybody involved. My office has been involved with  
6 this case at least in the last week and Debtors counsels at  
7 all time (indiscernible) professional and responsive to us.  
8 That said, Your Honor, my office does have concerns which  
9 may not be a first day issue concern, but it deals with some  
10 questions that need to be answered.

11 Among other things is the corporate structure as  
12 was described, the debt under the Debtors' narrative, DCG is  
13 sort of separate at the top there, but DCG did appoint  
14 directors to the company's board of directors and they now  
15 have the structure of a Special Committee which my office  
16 has further questions on, the investigations that are taking  
17 place of transactions, that are being conducted by the  
18 Special Committee and at its directing Cleary Gottlieb,  
19 which is Debtors' counsel.

20 And again, Your Honor, these are not necessarily  
21 first day issues. We're just flagging a few general points.  
22 On the sealing issue, my -- which the Court will get to, we  
23 just note that these sophisticated creditors on the top 50  
24 list and there's obviously been some litigation in the  
25 Southern District and with the U.S. Trustee's Office on the

1 extent of the sealing motions. That again, we don't think  
2 is a today issue.

3 We've come to temporary resolutions with the  
4 Debtor on that. We have questions about the cryptocurrency  
5 aspect of the Debtors' assets and their safety generally.  
6 We have -- and I'm not in any way implying there's an issue  
7 that we're aware of but FTX, there was a hack within the  
8 first days of the bankruptcy case and under the 345 motion  
9 and various motions, the Debtors are going to have to  
10 explain these more fulsomely how they intend to protect  
11 these assets.

12 The Debtors describe themselves as lending  
13 entities and the trading has -- the lending has been frozen,  
14 but we do have this GAP entity in Singapore which is doing  
15 spot trading. And the Court (indiscernible) \$38 billion  
16 approximately for that. The Debtors are seeking even today  
17 for an interim order that will allow that trading to  
18 continue, and at least today they are going to have to  
19 explain why that's important, we believe. The SEC has filed  
20 a complaint and I do understand that Debtors contest that,  
21 but nevertheless there is that complaint that has been filed  
22 very recently.

23 And finally Your Honor, just generally the  
24 intercompany loans and transactions. You saw the corporate  
25 chart and the GGT entity which is not in bankruptcy. It

1 handles a lot of the transactions between the Debtors and  
2 there are a lot of -- and it handles Debtors' and non-Debtor  
3 transactions. And there are questions relating to that  
4 again, probably tying into the cash management motion. But  
5 Your Honor, I should also note --

6 THE COURT: Well, I think some of those are very  
7 specifically directed to certain motions. So we'll go  
8 through them and see where --

9 MR. ZIPES: Yep.

10 THE COURT: -- see where we are.

11 MR. ZIPES: Very well, Your Honor.

12 THE COURT: All right. Thank you very much, Mr.  
13 Zipes. Any other party that wishes to be heard as to status  
14 before we turn to the motions themselves?

15 All right. I'll turn it back over to Debtors'  
16 counsel to kick off the motions, no doubt with the Joint  
17 Administration.

18 MS. VANLARE: Indeed, Your Honor. Thank you very  
19 much. Jane VanLare here from Cleary Gottlieb. So Your  
20 Honor, if you'll permit us, we'll go mostly in order but  
21 slightly out of order just to group motion by the individual  
22 presenting that motion. So we'll start --

23 THE COURT: That's fine.

24 MS. VANLARE: We appreciate that very much, Your  
25 Honor. We'll start with my colleague Mr. Ribeiro. We'll

1 then go to Mr. Minott, then Ms. Hoori Kim, and then I will  
2 present the remaining few motions. So with that, I will  
3 pass the virtual podium to Mr. Ribeiro to begin with the  
4 joint administration motion.

5 THE COURT: All right. Thank you very much. Mr.  
6 Ribeiro?

7 MR. RIBEIRO: Good morning, Your Honor. Christian  
8 Ribeiro, Cleary Gottlieb Steen and Hamilton, proposed  
9 counsel to the Debtor. So the first motion I'll be  
10 presenting today is the joint administration motion which is  
11 filed at Docket No. 2 and should be Binder Tab No. 4 in the  
12 binder we provided to Your Honor.

13 So by this motion, Debtors seek the entry of a  
14 proposed order which is attached to the motion as Exhibit A  
15 and the proposed order would direct the joint administration  
16 of the Chapter 11 cases for procedural purposes only and  
17 would allow them to maintain one file, one docket, and one  
18 service list for all of the Chapter 11 cases under the case  
19 of general -- Genesis Global HoldCo LLC and that the Chapter  
20 11 cases be administered under the caption which is provided  
21 in Paragraph 9 of the motion and also Paragraph 3 of the  
22 proposed order which lists Genesis Global HoldCo LLC as the  
23 caption, is administered under Case No. 23-163.

24 The Debtors also request that the Court order that  
25 the foregoing caption -- the caption listed in Paragraph 9 -



1 - satisfy the requirements set forth in Section 342(c)(1) of  
2 the Bankruptcy Code. The basis for the relief requested in  
3 the motion is Bankruptcy Rule 1015(b) which allows -- which  
4 provides that if two or more petitions are pending in the  
5 same Court by a Debtor and affiliate, the Court may order  
6 joint administration of the cases, and here all affiliates -  
7 - all of the Debtors are affiliates as that term is defined  
8 under Section 1012 of the bankruptcy code.

9 We believe that joint administration will ease the  
10 administrative burden for the Court and the parties in  
11 interest and will reduce by parties' fees and costs of  
12 avoiding duplicative filings and they will also allow the  
13 U.S. Trustee and other parties in interest to monitor  
14 Chapter 11 cases with greater ease and efficiency.

15 So the Debtors submit the joint administration of  
16 the Chapter 11 cases is in the best interests of their  
17 estates, their creditors, and all parties in interests and  
18 we additionally note that this is ordinary relief that is  
19 typically granted in other related cases, including in cases  
20 before Your Honor.

21 With that, unless you have any questions, we  
22 respectfully request the entry of the proposed order in the  
23 form of Exhibit A.

24 THE COURT: All right, thank you very much, and I  
25 assume obviously based on what's in Paragraph 8 of the

1 proposed order, this doesn't constitute in any way, shape,  
2 or form, substantive consolidation?

3 MR. RIBEIRO: Correct. Yes. Thank you, Your  
4 Honor.

5 THE COURT: Thank you. All right. Any party wish  
6 to be heard in connection with the motion for a joint  
7 administration of these related Chapter 11 cases? Hearing  
8 no response, I'm happy to grant the motion as entirely  
9 appropriate. For those who are not familiar with the  
10 bankruptcy process, it really is -- this motion is granted  
11 so that the case proceeds in an organized way and we have  
12 one hearing rather than have three separate hearings to  
13 accomplish very similar things.

14 So it's really a matter of managing the docket  
15 efficiently and hearings efficiently and the case  
16 efficiently. So there's no substantive consolidation  
17 meaning it doesn't affect the merits of anybody's rights,  
18 its creditor, Debtor in connection with the actual substance  
19 of how things should happen under the Bankruptcy Code.

20 All right, I'm happy to grant that motion is  
21 entirely appropriate for all the reasons set forth in the  
22 motion explained here today. So that motion is granted.  
23 Next up.

24 MR. RIBEIRO: Thank you, Your Honor. We  
25 appreciate that and we'll submit the proposed order to

1 chambers.

2 THE COURT: All right, and just about that, what  
3 would be great is -- there's no doubt a few tweaks here or  
4 there, is if you could send around one or two orders,  
5 depending on things just -- even an order like this one, I  
6 don't think has any changes, it's always good to make sure  
7 we have the most up to date order. So just when you send it  
8 along, you can send them along in tranches and just say here  
9 are all the orders we're going to send another email with a  
10 few more. That would be much appreciated.

11 MR. RIBEIRO: Okay. Sounds good, Your Honor.  
12 Thank you. So again Christian Ribeiro, Cleary Steen and  
13 Hamilton, proposed counsel for the Debtors, presenting the  
14 next motion which is the Debtors' schedule extension motion  
15 and that's at Docket No. 3 and should be Binder Tab No. 5.

16 So by this motion, the Debtors request authority  
17 pursuant to section 105(a) of the Bankruptcy Code and  
18 Bankruptcy Rule 1007(c) to extend the 14-day period to file  
19 their schedules of assets and liabilities, their schedules  
20 of executive contracts and unexpired leases, and also their  
21 statements of financial affairs by an additional 35 days for  
22 a total of 49-day extension from the petition date which  
23 would result in a deadline of March 8th, 2023.

24 And the Debtors also request an extension of their  
25 time under Rule 2015.3 to file their reports of financial

1 information with respect to entities in which the Debtors  
2 hold controlling or substantial interests. They seek an  
3 extension of that deadline of 35 days.

4 And with respect to both of these extensions, they  
5 are without prejudice to the Debtors rights to request  
6 additional time under an agreement with the U.S. Trustee  
7 which would not require additional Court approval, should  
8 further extension be required.

9 So we seek this extension of the deadlines for  
10 filing the schedules and statements under Rule 1007(c) which  
11 allows for an extension of the time to file schedules and  
12 statements on a motion for cause shown and on notice to the  
13 U.S. Trustee. We believe that extension here would be  
14 appropriate given the size, the geographical spread, and the  
15 complexity of the Debtors' operations.

16 Debtors anticipate they will not be able to  
17 complete their schedules and statements in the 14-day period  
18 required under the Bankruptcy Code. There's a vast amount  
19 of information that must be compiled, assembled, and  
20 collecting that information requires a significant  
21 expenditure of time and effort on the part of the Debtors,  
22 their employees, and their professionals.

23 We believe that there will be no prejudice to the  
24 Court granting the request for an extension including the  
25 deadline and the Debtors anticipate that they will require

1 at least 35 days -- 35 additional days to complete  
2 schedules.

3 THE COURT: All right, thank you very much. Any  
4 party wish to be heard in connection with this motion?

5 MR. ZIPES: Your Honor, my office has no objection  
6 to that. Your Honor, I do note -- and perhaps I missed it  
7 in the order, that the Court doesn't need to sign off on any  
8 extension of time. It wouldn't be our intention to make  
9 that difficult, but we do think the Court should be signing  
10 off on any extension of time.

11 THE COURT: Well, the other thing is there at  
12 least should be notice to relevant parties, so if you all  
13 work out an additional extension and you want to put a  
14 notice on the Docket, that may be one way to make it  
15 efficient but to keep all interested parties fully apprised.  
16 That work for you, Mr. Zipes?

17 MR. ZIPES: That works, Your Honor. Thank you.

18 THE COURT: All right. So yeah, so if you would  
19 just tweak -- if Debtors' counsel would just tweak that last  
20 sentence of Paragraph 2 to say it's without prejudice, right  
21 to seek additional time from the U.S. Trustee without  
22 additional Court approval should it become necessary -- and  
23 if the additional time become necessary, provided that any  
24 additional extensions of time agreed upon shall be set forth  
25 in a notice on the docket or something. I'm sure you can

1 clean that up in a more eloquent way, but just that concept  
2 would be great.

3 MR. RIBEIRO: Will do, Your Honor. We'll make  
4 that change to Paragraph 2. There's also the request to  
5 extend the period in 2015.3. In the motion, we actually had  
6 initially requested an extension of that period by 60 days,  
7 but we'll actually be requesting an extension of 35 days.

8 THE COURT: Yeah, I was going to ask you about  
9 that because I heard you say 35 and I saw the order says 60,  
10 so --

11 MR. RIBEIRO: Right.

12 THE COURT: It's going to be 35 so they run  
13 together, which makes a lot of sense.

14 MR. RIBEIRO: Correct. Actually, the deadline  
15 under 2015.3 is pegged to the 341 meeting at seven days for  
16 --

17 THE COURT: All right.

18 MR. RIBEIRO: -- the first state set. But just to  
19 have a consistent 35-day request and so that's what we'll be  
20 doing.

21 THE COURT: All right.

22 MR. RIBEIRO: We'll make the revised order and  
23 submit that to your --

24 THE COURT: All right.

25 MR. RIBEIRO: Your chambers.

1 THE COURT: That's fine. Anyone else wish to be  
2 heard on this motion? All right, hearing no response --  
3 further response, I'm happy to grant this motion as it's  
4 been amended here on the record this afternoon as  
5 appropriate under the facts and circumstances of the case  
6 and applicable law, recognizing that this information is  
7 challenging to put together in these cases, given the  
8 timeline of the case here as set forth in the various  
9 papers, this timeframe discussed here is entirely  
10 appropriate. So I'm happy to approve it.

11 MR. RIBEIRO: Thank you, Your Honor.

12 THE COURT: Next up.

13 MR. RIBEIRO: And again, last -- one last time,  
14 Christian Ribeiro, Cleary Steen and Hamilton for the --  
15 proposed counsel for the Debtors. The third first day  
16 motion I'll be presenting is the Kroll claims and notice  
17 agent application and that's at Docket No. 12 and should be  
18 Binder Tab No. 7.

19 THE COURT: All right, I have it. Thank you.

20 MR. RIBEIRO: So this is the application for the  
21 appointment of Kroll Restructuring Administration LLC as  
22 claims and noticing agent, pursuant to Section 156(c) of the  
23 Bankruptcy Code. We seek an order in the form of the order  
24 -- proposed order attached as Exhibit A and in support of  
25 this motion we rely on the declaration from the managing

1 director of Kroll, Mr. Benjamin Steele, who is also on the  
2 line should Your Honor have any questions for him on this.

3 Now, the Debtors request entry of an order  
4 appointing coal as the claims and noticing agent for the  
5 Debtors in the Chapter 11 cases to assume full  
6 responsibility for the distribution of notices and the  
7 maintenance, processing, and docketing of proof of claims  
8 filed in the Chapter 11 cases.

9 The Debtors' selection of Kroll to act as the  
10 claims and noticing agent satisfies the Court's protocol for  
11 the employment of claims and noticing agents under 28 U.S.C.  
12 Section 156(c) and in that the Debtors have obtained and  
13 reviewed engagement proposal from at least two other Court-  
14 approved claims and noticing agents to ensure selection  
15 through a competitive process.

16 The Debtors have determined based on these  
17 proposals obtained that Kroll's rates are competitive and  
18 reasonable given Kroll's quality of services and expertise.  
19 And also a copy of the engagement agreement is included with  
20 the motion attached as Exhibit C. The Debtors believe that  
21 or anticipate that there will be over 600 entities that will  
22 need to be noticed and Local Rule 5075-1(b)(1) provides that  
23 in a case in which the number of creditors and equity  
24 security holders in the aggregate is 250 or more, the estate  
25 shall retain, subject to approval of the Court, a claims and



1 noticing agent in accordance with the claims agent protocol.

2 And so in light of the number of anticipated  
3 claimants and the complexity of the Debtors' businesses, the  
4 Debtors submit that the appointment of the claims and  
5 noticing agents is actually required by Local Rule 5075-1(b)  
6 and is in the best interest of the Debtors' estates and  
7 their creditors, so we believe Kroll is to act, claims and  
8 administrative agent and if Your Honor, agrees, I would  
9 request entry of the proposed order today.

10 THE COURT: All right, thank you very much. Any  
11 party wish to be heard in connection with the motion to  
12 retain Kroll Restructuring Administration LLC as claims and  
13 noticing agent? All right, hearing no response, I'm happy  
14 to approve the request as entirely appropriate under the  
15 facts and circumstance, for all the reasons set forth in the  
16 motion and explained on the record here this afternoon.

17 I do appreciate the inclusion of Paragraph 16 in  
18 the proposed order to address the issue that's percolated in  
19 some other cases dealing with providing of information to  
20 third parties who are involved in claims trading and with  
21 that, that motion is granted. I don't have any changes to  
22 the proposed order. So next up.

23 MR. RIBEIRO: Thank you, Your Honor.

24 THE COURT: Thank you.

25 MR. RIBEIRO: I'll now pass the podium to my

1 colleague Mr. Minott.

2 MR. MINOTT: Good afternoon, Your Honor. For the  
3 record, Richard Minott of Cleary Gottlieb Steen and  
4 Hamilton, proposed counsel to the Debtors. I'll be  
5 presenting the next three items on the agenda, starting with  
6 the Debtor's motion for entry of interim and final orders  
7 authorizing the payment of certain taxes and fees, which is  
8 about which is found --

9 THE COURT: All right.

10 MR. MINOTT: -- at docket -- which is found at  
11 Docket No. 9 and is at Tab 11 of Your Honor's binder.

12 THE COURT: All right, I have it before me.  
13 Proceed.

14 MR. MINOTT: By virtue of the Debtors' operations  
15 in Singapore, Debtor entity Genesis Asia Pacific which I'll  
16 refer to as GAP, incurs certain tax obligations from time to  
17 time and is required to pay certain mandatory licensing  
18 imposed by the money authority of Singapore. By the taxes  
19 and fees motion, the Debtors seek authority to pay an  
20 aggregate amount of up to \$110,000 on account of certain  
21 goods and services taxes and licensing fees incurred by GAP  
22 through its operations in Singapore.

23 Your Honor, the Debtors seek authority pursuant to  
24 the motion to make such payments for certain taxes and fees  
25 accrued prepetition and are unpaid or may be incurred post-

1 petition. Unless Your Honor has any questions, then I  
2 respectfully request that Your Honor approve the motion and  
3 enter an order substantially in the form attached to the  
4 motion as Exhibit A.

5 THE COURT: All right, thank you very much. Any  
6 party wish to be heard in connection with the request for an  
7 interim order authorizing payment of certain taxes and fees?

8 MR. ZIPES: No, Your Honor. As stated, this is an  
9 interim order.

10 THE COURT: All right, thank you very much.  
11 Anyone else? All right, hearing no responses, my only  
12 question for you is whether you wanted to include in the  
13 interim order that information about the taxes and fees will  
14 be shared with any Official Committee appointed and whether  
15 you wanted to include the ad hocs or not. I'll leave to you  
16 all, pursuant to your discussions. You obviously have been  
17 discussing things. So I think you have your relationship  
18 well in hand.

19 But I often see that kind of language just in  
20 connection with any Committee that's appointed, so any  
21 thoughts?

22 MR. MINOTT: We can discuss that with the various  
23 parties, Your Honor, and take that into consideration and  
24 propose a revised order if needed.

25 THE COURT: All right, thank you very much. All

1 right. Anyone else wish to be heard? All right. I'm happy  
2 to grant this request for an interim order on the payment of  
3 certain taxes and fees for all the reasons set forth in the  
4 motion and summarized on the record here this afternoon.

5 Thank you very much. Next up, Counsel?

6 MR. MINOTT: Thank you, Your Honor. Up next is  
7 the Debtors' critical vendor motion which was filed at  
8 Docket No 11 and is Tab 10 of Your Honor's binder.

9 THE COURT: All right. Give me one second to just  
10 find my appropriate sticky note. Voila. All right. I'm  
11 there. Thank you very much, Counsel. Proceed.

12 MR. MINOTT: Your Honor, by the critical vendor  
13 motion, the Debtors seek to pay the prepetition claims of  
14 various vendors whose goods and services are essential to  
15 the Debtors' day to day operations. The critical vendor  
16 motion largely pertains to certain foreign vendors who  
17 provide goods and services to the Singapore Debtor entity  
18 GAP or Genesis Asia Pacific, and they consider themselves to  
19 be outside of the jurisdiction of this Court.

20 These critical vendors provide essential  
21 specialized goods and services including information  
22 technology platforms, cybersecurity, infrastructure,  
23 maintenance, and other resources for the Debtors'  
24 operations. If access to these goods and services are cut  
25 off or disrupted even for a limited amount of time, the

1 Debtors and all parties in interest would suffer irreparable  
2 harm. Your Honor, based on their books and records, the  
3 Debtors estimate that as of the petition date they owe  
4 approximately \$100,000 in outstanding prepetition vendor  
5 claims and the interim relief sought by the Debtors today is  
6 \$70,000.

7 Your Honor, I'd like to note the U.S. Trustee has  
8 requested a list of the vendors which will provide promptly  
9 after this hearing, and we'll make that list available to  
10 the Court and any Official Committee appointed upon request.

11 So unless Your Honor has any questions at this  
12 time, the Debtors respectfully request that Your Honor  
13 approve the motion and enter an order substantially in the  
14 form attached to the motion as Exhibit A.

15 THE COURT: All right. So I did have couple of  
16 questions that you would help me with. I think you just  
17 answered one, but in critical vendors, the question is  
18 always numerator and denominator, right, what's the total  
19 number of the pool versus what's being asked to be paid  
20 here? I recognize the amount is a fairly modest amount in a  
21 case of the size and that's, I think, a bit of an  
22 understatement even. But am I right in understanding that  
23 the numerator and denominator really are both \$100,000 for  
24 purposes of a final order, that it's a request to pay all of  
25 the outstanding amounts? Is that right?

1 MR. MINOTT: That's correct, Your Honor.

2 THE COURT: All right. And in connection with  
3 that, I certainly, as you explain in your motion and Courts  
4 here are certainly well aware of the challenges dealing with  
5 foreign vendors and how those are sort of in a dramatically  
6 different position, or lots of reasons that you explain. It  
7 sounds like the majority of the creditors here, the critical  
8 vendors are foreign. Do you have any sense of what  
9 percentage we're talking about?

10 MR. MINOTT: That's exactly right, Your Honor. So  
11 I would say that the list of about 15, a little more than 15  
12 vendors, all but four are foreign vendors.

13 THE COURT: All right, thank you. And as -- of  
14 the total request for today and on a final basis, I'm  
15 assuming that the number of critical vendors who are  
16 foreign, does that follow from the percentage of the  
17 obligations?

18 MR. MINOTT: That's correct, yes, Your Honor.  
19 We're happy to provide --

20 THE COURT: I mean, it's -- I understand it's  
21 rough. It won't be precise but just to get --

22 MR. MINOTT: Right. Yes, it's proportional to the  
23 to the amount of vendors and kind of which are critical  
24 which are foreign. And we'll provide that list to the  
25 Trustee in case they have any questions, but it is. It is

1 proportional.

2 THE COURT: All right. And so for foreign  
3 vendors, obviously there's a sort of a separate set of  
4 issues that lead to request for critical vendors, all  
5 foreign vendors to be paid. For the domestic folks, is  
6 there any more meat on the bones that you can give me in  
7 terms of the kinds of services?

8 Certainly Paragraph 14 in the motion explains  
9 generally and I recognize that there wasn't an extensive  
10 discussion of what these critical vendors are doing, and  
11 that's probably a reflection of the fact that the amounts  
12 sought here is \$70,000. That's understandable and I don't  
13 quibble with that but anything else -- so with foreign  
14 vendors, I get it. And I don't think I have any concerns.  
15 Anything else you can tell me about domestic vendors?

16 MR. MINOTT: Sure, Your Honor. So for the  
17 domestic vendors, they really again provide -- they're  
18 critical because they serve as the backbone to the business.  
19 One of the Debtor is really the communication hub, how the  
20 Debtors communicates to its clients and creditors. We have  
21 a cybersecurity infrastructure that the Debtor utilizes,  
22 actually two of them, and the other is involved with, from  
23 my understanding, just information technology and  
24 maintenance of the, really the Debtors' systems that keeps  
25 it keeps it running.

1 THE COURT: All right. That's helpful. Thank you.  
2 And I assume -- one last question on this is I assume then  
3 that these folks are not easy to replace in terms of  
4 domestic vendors. I ask because I know what you told me in  
5 the papers here in terms of this particular industry and  
6 I've followed Judge Glenn and Judge Wiles in the other  
7 cases, but I don't profess to be an expert on what kind of  
8 vendors and how the business is organized, notwithstanding  
9 having a child who is a programming -- a software engineer.

10 But so perhaps you can just put on the record the  
11 explanation as to how unique the services are the  
12 difficulties of replacing them for the domestic folks.

13 MR. MINOTT: Certainly, Your Honor. So as is made  
14 aware, this is, you know, a Debtor operations that are  
15 individual asset space, which is -- it's been around but  
16 it's emerging industry where the goods and services that  
17 these Debtors provide are hyperspecialized. There are  
18 certain, you know, requirements and restrictions and holding  
19 that really is far behind my level of comprehension that  
20 these vendors provide to manage the company's day to day  
21 operations. So, you know, it would be tremendous costs and  
22 a really significant burden to the Debtor entities to  
23 replace these critical vendors at this time.

24 THE COURT: All right, thank you very much for all  
25 that additional detail. And so let me ask if there's any



1 party that wishes to be heard on the critical vendor motion.  
2 All right. Hearing no response, I'm happy to grant the  
3 requests for critical vendors here. That is the interim  
4 order. I did have one or two questions about including one  
5 or two things.

6 I guess the first would be some language  
7 consistent with what we talked about before in terms of  
8 providing information to any Official Committee that's  
9 appointed. Obviously, that's one of the things that they  
10 do. And certainly to the extent -- I'll leave it to you and  
11 the folks who are the Ad Hoc Committees, whether that would  
12 extend to them as well.

13 And the other question was, I did see that there's  
14 a discussion about customary terms and then Paragraph 4 of  
15 the proposed order, that's all fine. I have seen different  
16 degrees of details on customary terms, and this just has a  
17 very general statement about customary terms. That may be a  
18 reflection of this particular industry, but to the extent  
19 that the Debtors wanted to provide anything else more  
20 specific in the order, I don't know if you have any  
21 thoughts.

22 What are -- sometimes I've even seen attached  
23 forms. Again, I think those ones that have a lot of details  
24 tend to be in fairly traditional industries, so it may not  
25 be a fit here, but I don't know if you have any thoughts on

1 those two issues. One is consultation and the other is more  
2 details as to customary terms.

3 MR. MINOTT: Your Honor, on the first issue about  
4 providing notice to the Committees, we're happy to take that  
5 under advisement and again speak to the various stakeholders  
6 and, you know, if need be, proposed a revised order to the  
7 Court. On the customary terms, again as Your Honor alluded  
8 to, there's not really uniformity, given that the industry  
9 is -- it's really a moving target at times. But again, we  
10 will consider what changes can be made if any to add to the  
11 customary terms and again propose a revised order as needed.

12 THE COURT: All right. If you think there's  
13 something that would be beneficial that is not -- wouldn't  
14 overly complicate everybody's life, fine. And if it proves  
15 to be a bridge too far, then you can consider my suggestion  
16 shelved. So I'll leave it to your discretion on that  
17 subject.

18 All right. But those are my only two comments.  
19 Thank you very much, Counsel, for all the additional detail.  
20 It's much appreciated. Next up.

21 MR. MINOTT: Sorry, I just wanted to confirm that  
22 the motion is approved, Your Honor?

23 THE COURT: Yes. Oh, yes, the motion is granted  
24 and the request for an interim order for critical vendors in  
25 this case for \$70,000 is granted as appropriate under the

1 facts and circumstances of the case for all the reasons that  
2 you set forth in your motion and summarized here today, and  
3 also given the additional information that you very  
4 helpfully provided.

5 MR. MINOTT: Thank you, Your Honor. Last on my  
6 list, Your Honor, is the Debtor's case management procedures  
7 motion, which was initially filed at Docket 10. And the  
8 original order should be at Tab 8 of your binder. As Your  
9 Honor noted at the outset, we (indiscernible) revised  
10 procedures to align with Your Honor's standard form case  
11 management procedures, which we filed earlier today at  
12 Docket 32. I am happy to walk through the redline if it  
13 would be helpful to Your Honor.

14 THE COURT: Well, I actually think it's fine.  
15 One, I appreciate you all. We wanted to call in chambers  
16 with some advance notice because a lot of these things are  
17 very specific and detailed. And they aren't necessarily the  
18 same kind of questions. It's more a matter of how you want  
19 to organize things and procedures for the case going  
20 forward. So I appreciate your revising the order. I don't  
21 need you to go through the changes. You all very helpfully  
22 provided to us with enough notice that I've been going  
23 through it in chambers.

24 The only thing I think I would do -- well, two  
25 things that I would suggest. Is that we will come up with a

1 proposed revised order based on a couple of other small  
2 changes that we have and send you all a proposed redline so  
3 you can see what we have in mind. I don't think any of  
4 these are substantive. And the other thing is to just point  
5 out a couple of big picture points that might be of use for  
6 anybody who is listening in. One is that we'll get rid of  
7 all the Court Call paragraphs, because we do everything by  
8 Zoom. And then that way everybody knows who is on the line  
9 if they were looking, following along at home, that they  
10 might be confused about how they might have to dial in in  
11 the future. But we'll use Zoom not only for video, again,  
12 for audio. And the second is that for purposes of replies  
13 and the agenda, I would suggest two days out. We'll just  
14 move back 24 hours. I think that's consistent with I think  
15 how most of the judges in our courthouse do it as well in  
16 Delaware. And that's great. I recognize for purposes of  
17 the agenda -- that means that sometimes there are changes to  
18 the agenda. So it's a mixed blessing. You get a little bit  
19 earlier, but it might change. That's all fine. I will  
20 never blame anybody for giving us the best information you  
21 have at the time, and you can all just contact chambers and  
22 let us know if there are any changes. But particularly for  
23 the replies, it's particularly important to make sure I have  
24 enough time to give them appropriate studies so that I've  
25 got my act together for these hearings and you all get the

1 best that I have to offer in terms of comments on  
2 substantive law.

3 So those are the only things I think that are  
4 worth noting. The rest are much more in the minutiae  
5 category. So rather than belabor that for the many folks  
6 who are on the phone, who I suspect don't have any  
7 passionate interest in this particular motion, we will make  
8 the changes, send it along to you. And obviously if there's  
9 anybody who does have particular interest in it, they can  
10 reach out. But otherwise, I think we can handle it  
11 efficiently that way.

12 With that said, and in an abundance of caution, I  
13 will ask whether there is anybody who wishes to be heard on  
14 the request for a case management order. All right.  
15 Hearing no response. So we will be in touch in chambers.  
16 Either get something to you either later today or tomorrow.

17 MR. MINOTT: Thank you, Your Honor. Much  
18 appreciated. I will now turn the podium over to my  
19 colleague, Ms. Hoori Kim.

20 THE COURT: All right. Thank you very much.

21 Ms. Kim?

22 MS. KIM: Good afternoon, Your Honor.

23 THE COURT: Good afternoon.

24 MS. KIM: Can you hear me well?

25 THE COURT: I can hear you just fine, thank you.

1 MS. KIM: Great. Your Honor, I will be presenting  
2 the wages motion and the motion to appoint GAP as the  
3 Debtor's foreign representative.

4 For the record, Hoori Kim, Cleary Gottlieb Steen  
5 and Hamilton, proposed counsel for the Debtors. Under the  
6 wages motion, Your Honor, which is at Binder Tab 13, the  
7 Debtors are seeking authority to pay and honor certain  
8 prepetition employment-related claims and continue to  
9 exercise their rights to continue these programs, modify,  
10 discontinue, or implement any new programs in the ordinary  
11 course of business.

12 GAP's employees have the knowledge and skills that  
13 are very important to the company's operations, and it's  
14 very critical for them to be continued to be paid and to be  
15 provided these benefits going forward.

16 Your Honor, we'll note that GAP is seeking relief  
17 for this motion for its 15 or so employees. And as  
18 described in a footnote in the motion, employees who perform  
19 services for the other debtor entities have contracts with  
20 HoldCo, and the details about the reimbursement for their  
21 payroll and payroll expenses are further described in the  
22 cash management motion.

23 So here, we requested a number of relief. That's  
24 very typical in Chapter 11 cases, to continue to pay the  
25 employees and provide benefits in the ordinary course.

1 These include wages, deductions, reimbursable expenses,  
2 health insurance payments, pension contributions, and  
3 worker's compensation contributions.

4 I will note that the Debtors have processed  
5 payroll last on January 19th, so there are no outstanding  
6 prepetition wages claims. But we anticipate paying wages  
7 going forward in the ordinary course, which amount to around  
8 \$245,000 a month.

9 THE COURT: All right.

10 MS. KIM: I will also note that the Debtors do not  
11 have any outstanding prepetition severance obligations, but  
12 we're seeking authority to pay any prepetition obligations  
13 that arise post-petition. We are of course not seeking  
14 under this motion to pay severance to insiders, as we've  
15 noted in the motions.

16 We've been discussing the interim order with the  
17 U.S. Trustee's office. And as of this morning, we  
18 understand they anticipate sending us one comment to the  
19 order about the representation about no employees having a  
20 claim that exceeds a priority cap, which we've included in  
21 the motion, but we're happy to include in the order as well.

22 THE COURT: All right.

23 MS. KIM: So unless Your Honor has any questions,  
24 we would ask the Court to enter the proposed interim order.

25 THE COURT: All right. Thank you very much.

1 Mr. Zipes, I think that was a segue to you.

2 Anything to add?

3 MR. ZIPES: Your Honor, my office has nothing to  
4 add. We've been working cooperatively with Debtor's counsel  
5 on these letters.

6 THE COURT: All right. Thank you very much.  
7 Anyone else wish to be heard in connection with this request  
8 for an interim order as to wages?

9 Hearing no -- I'm sorry, go ahead, Ms. VanLare.

10 MS. VANLARE: Your Honor, I just wanted to correct  
11 something. I think Ms. Kim just misspoke. The Debtor's  
12 employees are employed by GGT rather than Holdco. I just  
13 wanted to make that clear on the record.

14 THE COURT: All right. Thank you very much. All  
15 right. Yeah. I recognize you all are getting a lot of  
16 things done simultaneously. So it does take a village to  
17 get these cases where they need to be. So thank you. All  
18 right. With that, I am happy to grant the request for an  
19 interim order on wages and related relief as appropriate  
20 under the facts and circumstances of the case for the  
21 reasons set forth in the motion and have been supplemented  
22 here by Ms. Kim's very helpful presentation. I just had I  
23 guess three notes. One is in Paragraph 2 of the proposed  
24 order -- I think I saw this in one other place too, and this  
25 comment would equally apply there. It says if no objection



1 is filed to the final order, the Court may enter the final  
2 order without further notice or hearing.

3 My expectation is we will have a second day  
4 hearing. And so I would probably just take that out. It  
5 may be a remnant from somewhere else. And certainly there  
6 are times when that's appropriate. But if we're going to  
7 have a hearing anyway, I would say we can probably take that  
8 line out from this order. And I think it's in one other  
9 order in the binder. But since we're just going to have a  
10 second day hearing.

11 I would I guess make the same comment about sort  
12 of consultation or essentially keeping the committee -- any  
13 official committee and any other ad hocs that you want to  
14 include in terms of implementing any new programs, policies,  
15 and benefits to the extent that they're significant enough  
16 to be of interest to the committee. So that might be  
17 something worth including.

18 And I think including the information about the  
19 statutory cap makes sense. I think I more often than not  
20 see that in those proposed orders. So that makes sense as  
21 well. But with those exceedingly minor comments, I'm happy  
22 to approve the motion. Thank you, Ms. Kim.

23 MS. KIM: Thank you very much, Your Honor.

24 THE COURT: All right, next up.

25 MS. KIM: Moving on to the next item, is the

1 foreign representative motion at Binder 14, Docket 4.

2 So under this motion, the Debtors request  
3 authority for GAP, so the same debtor entity that's based in  
4 Singapore, to act as the Debtor's foreign representative  
5 pursuant to Section 1505 of the Bankruptcy Code.

6 We are anticipating that GAP will seek recognition  
7 of these Chapter 11 proceedings and any other relevant  
8 orders in the relevant Singaporean courts. To that end, the  
9 Debtors are working with local counsel in Singapore to seek  
10 recognition of these proceedings. And we understand that an  
11 order from this Court or other evidence that show that GAP  
12 has been recognized as the foreign representative is  
13 required to commence the proceedings in Singapore.

14 Appointing GAP as the foreign representative will  
15 be very helpful for the Debtors to receive certain benefits  
16 of the Chapter 11 process, especially to prevent any local  
17 creditors based in Singapore otherwise from attempting to  
18 foreclose on any assets or take any other measures contrary  
19 to the automatic stay that's been granted by this Court.

20 The proposed order will facilitate the Debtor's  
21 ability to do this and to effectively reorganize and obtain  
22 the benefits of this proceeding in Singapore where the  
23 Debtors have operations.

24 The U.S. Trustee has reviewed this motion and  
25 understand that they have no objections.

1           So unless Your Honor has any questions, we would  
2           ask the Court to enter the proposed order.

3           THE COURT: All right. Thank you very much. Any  
4           party wish to be heard in connection with the foreign  
5           representative motion? All right. I'm happy to grant the  
6           motion as appropriate under the facts and circumstances here  
7           for all the reasons you set forth. That is that you need  
8           appropriate actions to take place here such that you can  
9           take advantage of that country's GAP -- Singapore's version  
10          of Chapter 15, in particular here the appointment of a  
11          foreign representative.

12          And so having presided over a number of Chapter  
13          15s -- you'll forgive me if I geek out for just a minute  
14          here, the question about the order.

15          So I looked at the Voyager order, the one entered  
16          in the Voyager Digital case as well. And they seem to  
17          track. I think there's some immaterial differences. But I  
18          guess I was -- the paragraph that I was sort of puzzling  
19          over -- and this may be more of an academic interest than  
20          anything else, I will confess in advance, is Paragraph 4. I  
21          am wondering if you don't have everything you need in  
22          Paragraph 3, Paragraph 4 talks about requesting the foreign  
23          court to take certain actions. And I guess it depends on --  
24          that may be perhaps a reflection of what counsel who would  
25          bring that kind of proceeding say this is the kind of

1 language that the Singapore court would expect or would make  
2 this process work best. But that was my question about  
3 Paragraph 4 in particular. It wasn't in Voyager. There  
4 were a few things in Voyager that I'll flag in a second to  
5 ask if you wanted to include them here. But my question was  
6 about the language in particular about requesting the  
7 foreign court to take certain specific actions as opposed to  
8 simply essentially appointing a foreign representative here.

9 Any thoughts?

10 MS. KIM: So, Your Honor, if you are referring to  
11 language in that paragraph, including the citation to the  
12 applicable laws of Singapore and such, we just believe that  
13 it's helpful. We did get some guidance from local counsel  
14 there as to some language here. I believe that it's helpful  
15 for them to really institute the proceedings. And we are  
16 really seeking to appoint the foreign representative, but  
17 just wanted to kind of specify what our --

18 THE COURT: No, that background is helpful. I  
19 don't want to make it -- if this language is a result of an  
20 informed process where a foreign counsel has told you this  
21 would be particularly helpful, we want to institute these  
22 proceedings, that's why I asked. And so that's fine.

23 I did see in the Voyager order; they have a  
24 paragraph saying the Debtors are authorized to pay the  
25 costs. In that case, it was a Canadian proceeding. They

1 took the costs of the information off certain counsel  
2 consistent with orders of the Canadian court. Obviously  
3 that would be a different kind of official. I don't know if  
4 you want something in here as to that. I'll leave it to  
5 you. It's Paragraph 4 of the order in Voyager. And  
6 Voyager, the order is at Docket 52. So you can take a look  
7 at that. I'll leave it to you as to whether that's helpful  
8 or not.

9 And then the other paragraph -- so that's  
10 Paragraph 4. And Paragraph 5 talks about as soon as  
11 practical following court action taken by the foreign  
12 representative in another jurisdiction, the Debtors will  
13 file notice of the same on the docket of these Chapter 11  
14 cases.

15 I will leave that to you as well as to whether you  
16 think that might be helpful or appropriate in these cases.

17 And the only other language that I see,  
18 I will leave that to you as well as to whether you think  
19 that might be helpful or appropriate in these cases.

20 And the only other language that I see in Voyager  
21 is at the end of Paragraph 3, and it just talks about for  
22 avoidance of doubt, this Court has not made any decision  
23 with respect to the status of the Debtor's Chapter 11 cases  
24 as a foreign main proceeding. I don't think that needs to  
25 be included because I think it's pretty obvious that we're

1 not doing that here. But I just mention that, again, just  
2 to canvass the things that were in this other order to the  
3 extent they are of any use at all to you.

4 So I will leave it to the Debtors in consultation  
5 with their counsel who would handle that kind of matter as  
6 to whether the language in Paragraph 4 and 5 of the Voyager  
7 order might be helpful or not. And I will wait to see what  
8 order you send me. And given your explanation, I am happy  
9 to continue to include Paragraph 4 given all the  
10 circumstances. So thank you very much, Counsel, for your  
11 input on that. Any other question or comment or anything  
12 else we should discuss in connection with the order?

13 MR. ZIPES: Your Honor, Greg Zipes with the U.S.  
14 Trustee's Office. We would just ask that the order be  
15 (indiscernible) before it's submitted to the Court.

16 THE COURT: All right.

17 Ms. Kim, anything else?

18 MS. KIM: No, that's it, Your Honor. Thank you so  
19 much for your comments.

20 THE COURT: All right. Thank you. All right. I  
21 think that leaves one or two matters left to discuss.

22 MS. KIM: That's right, Your Honor. I will turn  
23 it over to Ms. VanLare to present the remaining motions.

24 THE COURT: All right. Thank you.

25 MS. VANLARE: Thank you, Your Honor. I have three

1 motions left, Your Honor.

2 The first one that I would like to address is the  
3 consolidated creditor's list motion. Your Honor, this  
4 motion seeks really two primary types of relief. One is to  
5 waive the requirement that each of the Debtor file a  
6 separate list of creditors and to authorize the preparation  
7 of a consolidated list of creditors and to authorize the  
8 Debtors to file that list for the top 50 unsecured  
9 creditors.

10 And then the second type of relief is the  
11 redactions. In terms of the first, we believe that a filing  
12 of consolidated creditor list is efficient and appropriate  
13 in this type of case, and we think that top 50 list is  
14 sufficient. It does capture creditors with claims of  
15 approximately \$10 million which we think relative to the  
16 overall size of the claims in this case as well as  
17 individual particular claims, we think it's low enough such  
18 that 50 creditors is sufficient. I will note that we  
19 originally had 30, but we've expanded that to 50 following  
20 comments from the Office of the U.S. Trustee, which we were  
21 happy to accommodate.

22 The second part of the type of relief we're  
23 seeking is the request to redact certain information. And  
24 here I would just like to spend a little bit of time to  
25 describe the relief that we're seeking in the motion as well

1 as what's happened since we filed that motion and where we  
2 are today.

3 And I know Mr. Zipes may want to add as well, but  
4 hopefully I'll describe accurately our discussions with the  
5 Office of the U.S. Trustee.

6 This issue, as I'm sure you know, Your Honor, has  
7 gained a lot of attention in the crypto cases. And so this  
8 is in part why we're spending some time on this.

9 So our motion is seeking to redact the names and  
10 contact information for individual creditors. We believe  
11 that this is important due to risk of identity theft and to  
12 protect our individual creditors from certain other threats  
13 that they may face.

14 In addition to the privacy concerns, Your Honor,  
15 as we've mentioned, we do have a large number of our  
16 creditors in other jurisdictions. A number of these  
17 jurisdictions have more stringent privacy regimes such as  
18 the U.K. and E.U. and others. And we want to be mindful of  
19 those regimes and would not want to incur fines if we were  
20 to run astray from those regimes.

21 So that's on the individual creditors. Our motion  
22 seeks to maintain as unredacted information relating to  
23 institutional creditors. And so as Your Honor pointed out,  
24 we did file the petitions originally with the individual  
25 creditor information redacted with institutional creditor



1 information as unredacted. Following this, we received a  
2 large number of requests. I would say we were bombarded  
3 with requests from creditors, a number of them noting safety  
4 concerns. And we want to make sure that we are taking all  
5 of those very seriously, which we are.

6 And so given the request that we received from our  
7 creditors and the fact that these are complicated cases with  
8 creditors in different jurisdictions, what we did was we  
9 went ahead and we filed a redacted version of the petition.  
10 This affected the declaration of Mr. Leto because it also  
11 included the creditor list.

12 We redacted contact information. Not the names,  
13 but the contact information. Although we may have redacted  
14 -- so it's a more redacted list of creditors. This was  
15 meant to be an interim measure. And when I say interim, I  
16 don't even mean interim as in until the second day hearing,  
17 but really just a temporary measure to make sure that we  
18 were in contact with those creditors and to understand their  
19 individual concerns. And our intent is to file a revised  
20 creditor list that has more information. We intend to  
21 coordinate with the Office of the U.S. Trustee. And our  
22 goal is to not have any sort of hearing, sort of disputed  
23 hearing with respect to the U.S. Trustee's Office on this  
24 point. Again, we hope to work cooperatively. We only ask  
25 that we are allowed just a little bit of time to sort

1 through these issues, to make sure that the information we  
2 are providing is accurate and appropriate and does not pose  
3 any undue risks.

4 We also do want to give parties an opportunity if  
5 they wish to come before Your Honor and express particular  
6 concerns, that they have an opportunity to do so. So that's  
7 another reason why we would appreciate some time.

8 We have discussed this with Mr. Zipes. We  
9 understand that he is -- he doesn't object to us having some  
10 time before we can provide a more -- a revised list with  
11 more information. Again, we do intend to work with his  
12 office to work out a list to which we hope the U.S.  
13 Trustee's Office won't have an objection, and then we'll  
14 present that to Your Honor.

15 And I understand from Mr. Zipes that he would like  
16 a hearing sooner than the second day hearing. Obviously we  
17 have not scheduled that yet, but we are certainly open to  
18 doing that subject to Your Honor's request as to -- Your  
19 Honor's schedule.

20 THE COURT: If that makes it easier for folks,  
21 sometimes having a hearing or a status conference allows  
22 people to not have to file a lot of papers and spend a lot  
23 of money and you can touch base and have a conversation.  
24 And given that we might want to schedule something between  
25 now and the second day hearing for purposes of touching base

1 on mediation, maybe we put something about a week or ten  
2 days out and use it for whatever purposes would be  
3 beneficial to the case.

4 MS. VANLARE: That works for us, Your Honor. So I  
5 will just conclude.

6 And I think we would like to just tweak the  
7 interim order to allow us this sort of interim-interim of  
8 relief of allowing us to maintain the redactions while we  
9 sort through these issues as quickly as possible.

10 THE COURT: Yeah, no. I think that's appropriate.  
11 It's sort of like a Freedom of Information Act case. Once  
12 the information is out there, it's out there. Now more than  
13 ever given the internet. So I think that makes sense.

14 So, Mr. Zipes, anything you wanted to add?

15 MR. ZIPES: Your Honor, I very much appreciate  
16 that summary, which is accurate. And, Your Honor, we have  
17 no objection, as stated, to entering the order today.

18 I would note that although, as I said before, that  
19 this is a serious issue for not just us, but all the parties  
20 here. And would also note the unusual nature that some of  
21 this information that's redacted was part of the public --  
22 was disclosed to the public for at least some period, and  
23 we're just reserving all our rights in that regard.

24 THE COURT: That's fine. I appreciate it.

25 MR. ROSEN: Your Honor?

1 THE COURT: Certainly.

2 MR. ROSEN: Your Honor, I apologize. Brian Rosen,  
3 Proskauer Rose, on behalf of an ad hoc group of creditors.

4 Your Honor, I appreciate all the comments made by  
5 Mr. VanLare and Mr. Zipes. I just want to say that the  
6 issue as far as we are concerned -- and as I may have  
7 indicated, we represent over 60 people within our group  
8 itself. Many of them are institutional type of lenders to  
9 the Debtors. And they suffer the same threats that have  
10 been discussed already. And I brought this up with Mr.  
11 Zipes earlier today. So we echo the concern, but we want to  
12 say that we believe that if there is something that needs to  
13 be filed, I would truly like it -- in the future that is of  
14 course, we would truly like it to be just with an  
15 institutional name perhaps, but not even the name of the  
16 contact person. And I'm happy to discuss that further with  
17 Mr. Zipes and Ms. VanLare. But we just want the Court to be  
18 aware that the threats extend well beyond individuals, but  
19 to institutional people as well.

20 THE COURT: All right. That's a fair point.  
21 Thank you very much for that comment. Any other party wish  
22 to comment on this request? All right.

23 So I appreciate that the parties are talking about  
24 this. It is a very serious issue. In preparation for  
25 today's hearing, I read Judge Glenn's decision in Celsius

1 Network at 644 B.R. 276, which was in September, which seals  
2 -- allowed to be redacted certain information such as  
3 addresses. He didn't allow names to be redacted. And then  
4 there was Judge Garrity's decision in Endo International,  
5 which is from November, early November, where he allowed  
6 names and addresses. And I also looked at Judge Wiles'  
7 decision in Voyager, which tracked Judge Garrity's in terms  
8 of allowing names and addresses, that is identifying  
9 information, to be redacted.

10 But there's one other thing that -- so I will  
11 confess that for an instance like the actual applicable rule  
12 is a bit sort of out of date in the sense that there's no  
13 notion of weighing the need for disclosure of the  
14 information versus the potential harm. It's a much  
15 different kind of way of looking at it. And so there are  
16 instances -- I've had in a Chapter 15 case where a party  
17 didn't want to provide discovery, citing certain privacy  
18 rules overseas. But it was necessary for the case to  
19 proceed. And that's sort of a different situation than an  
20 instance where I think if Judge Wiles said if somebody needs  
21 it, somebody can come back to the court and request it.  
22 Which is what we do as just a general matter for sealing.  
23 Sealing anything never prevents somebody from coming back to  
24 the court to request the information based on a showing of  
25 need.

1           So one other piece of the puzzle I think is worth  
2       just identifying here as the parties continue the  
3       discussion. In Celsius, after Judge Glenn's decision, there  
4       was a notice of phishing attempt that's on the docket,  
5       docket 1527, which talks about the Debtor's becoming aware  
6       that phishing emails were sent to certain debtors' customers  
7       reporting to be restructuring associates at the applicable  
8       law firm of Kirkland and Associates requesting customers  
9       submit their addresses or their account information to  
10      receive their claims distribution.

11           And so it goes on to say please take note that  
12      these are not authorized and are likely a phishing scam and  
13      that none of the debtors or their advisors will ever contact  
14      you by email, telephone call, or otherwise requesting  
15      account information or other personal information absent an  
16      order of the court.

17           And so I mention that because it may be that  
18      including some kind of language from this notice of phishing  
19      attempt as to what a customer should be highly suspicious of  
20      if they ever get it, it might be helpful, right? Because  
21      this is happening in Celsius even though the email -- any  
22      email addresses were allowed to be redacted by the Court.  
23      Right? So they're getting that information from somewhere  
24      else and then hitting people who are customers in the  
25      Celsius case. So I think this order may be a good

1 opportunity to include language about that. If you get  
2 something that looks like this, that's not from us. If you  
3 get something and you have a question, you can reach out to  
4 this person to verify the accuracy, that it's an actual -- a  
5 legitimate request. So that's why I mention it. So if  
6 you're going to be having these discussions anyway.

7 And also, I think that for purposes of the case  
8 and findings where the standard is, that there's a concern  
9 about information being out there and about disclosure  
10 information creating an undue risk of unlawful injury, this  
11 notice of phishing attempt certainly puts a fairly fine  
12 point on the kind of worry that we all have in cases. So  
13 whether it's a case involving -- in Endo, you're talking  
14 about people in an opioid circumstance, and here you're  
15 talking about people who are owed money as creditors in  
16 connection with the Debtors. People don't want to be --  
17 shouldn't be victimized twice.

18 So I throw that all out there. I will stop there  
19 unless I interfere with your discussions. But I did want to  
20 mention those things on the record. Because I certainly am  
21 very concerned about it. And I guess the only other comment  
22 I would make is I would agree with Judge Glenn's comment  
23 that certainly E.U. or U.K. schemes about privacy don't  
24 trump American law. On the other hand, I do find them to be  
25 somewhat informative as to when we're talking about

1 something that violates law. You do have regimes where  
2 there's been a determination that this kind of information  
3 should not be publicly available. So I do think it's not  
4 binding on a U.S. bankruptcy proceeding, but it is  
5 informative in trying to sort out the competing interests  
6 here.

7 So, sorry to go on a little bit. I just thought I  
8 would throw this information out to the extent it's helpful  
9 in your discussions. We can pick a date in the next week or  
10 ten days to get together again and see where we are. And  
11 certainly nobody needs to file anything between now and then  
12 unless you've reached some sort of conclusion and a  
13 resolution that you all are on board with. But I did want  
14 to put that all on the record because it's a very -- it's a  
15 very difficult, challenging issue. And I guess that's where  
16 we are.

17 So anything else, Ms. VanLare, on this particular  
18 motion?

19 MS. VANLARE: No, nothing else on this motion.  
20 And we do very much appreciate Your Honor's comments and  
21 your very helpful and excellent suggestions in terms of  
22 other things we could add and consider. So we appreciate  
23 that.

24 THE COURT: All right. My pleasure. Anything  
25 from any other party in connection with this particular



1 motion? All right. Thank you very much.

2 So, Ms. VanLare, I think we have something else to  
3 chat about?

4 MS. VANLARE: We do, Your Honor. Two more. The  
5 next one is the automatic stay motion. It's Docket 13 and  
6 it's Binder Tab 9.

7 THE COURT: All right, proceed.

8 MS. VANLARE: Your Honor, this is the Debtor's  
9 motion for an order authorizing the Debtors to operate their  
10 business in the ordinary course and ordering the  
11 implementation of the automatic stay. In this motion, the  
12 Debtors are seeking a clarifying order enforcing the  
13 automatic stay pursuant to Section 362 of the Bankruptcy  
14 Code. As we've noted, we do have foreign creditors. One of  
15 the debtors of course, the Singapore entity, is a foreign  
16 entity. And we do think that this order is necessary to  
17 inform affected parties of the existence of the automatic  
18 stay, protections that are provided to the Debtor by virtue  
19 of Section 362, and we think it's particularly important for  
20 a case like this where we have foreign creditors that may be  
21 unfamiliar with the automatic stay and the protections that  
22 it provides. We do think that it's critical that vendors  
23 and customers and counterparties understand the nature of  
24 these proceedings and the protections that are afforded to  
25 the Debtors under the Bankruptcy Code.

1 Finally, I'll note we're not seeking any relief  
2 beyond the provisions of the Bankruptcy Code.

3 And with that, unless Your Honor has any  
4 questions, we ask that you enter an order approving this  
5 motion.

6 THE COURT: All right. Thank you very much. Any  
7 party wish to be heard in connection with this motion?

8 MR. ZIPES: Your Honor, Greg Zipes with the U.S.  
9 Trustee's Office. And my office did have an opportunity to  
10 review this motion and order as well. And we have had  
11 discussions with the Cleary team.

12 This is slightly unusual. Not unprecedented, but  
13 it's unusual in that the Debtors are asking for -- to  
14 operate in the ordinary course, which is something they have  
15 a right to do regardless. And returning to the point about  
16 GAP and the spot trading, we would appreciate it if  
17 something is put on the record relating to what the  
18 intentions are, because they are getting a court order now  
19 in connection with the spot trading and whether that will  
20 take place in the next week to two weeks. And  
21 (indiscernible) that if at all possible.

22 THE COURT: All right. Ms. VanLare, I don't know  
23 if you had anything to say. I understood this to be aimed  
24 at really informing foreign creditors and essentially track  
25 the code. But I understand your point I guess is that the

1 title says order authorizing Debtors to operate their  
2 business in the ordinary course. So I don't know, Ms.  
3 VanLare, if you have anything worth discussing in connection  
4 with the spot trading issue.

5 MS. VANLARE: Your Honor, I am happy to. I tried  
6 to give a brief description of that as part of my first day  
7 presentation, but I'm happy to add more.

8 I will just note that it's of course a cornerstone  
9 of the Chapter 11 proceedings that the Debtor is permitted  
10 to operate in the ordinary course. And in some ways, our  
11 case is unusual because we have voluntarily paused a large  
12 portion of our ordinary course activities, namely the  
13 lending business, in order to protect the assets. And we  
14 thought that was the decision that was most conducive to a  
15 fair and appropriate distribution of creditor assets, or of  
16 assets of the debtor to the creditors.

17 So I will just note that it is of course in any  
18 other case would be completely typical for us to continue  
19 all of our operations. In this case, we are not doing that.  
20 We have paused the lending, but we are continuing on a  
21 limited basis. And I say limited because the volume is  
22 substantially less than what was happening prior to the  
23 pause. Some limited spot trading activity at GAP. We do  
24 think that it is important to preserve that business and  
25 preserve that activity for the preservation of the business

1 as a whole, which we think is value-maximizing.

2 As I mentioned as part of my presentation, what  
3 happens in these situations is that a client would typically  
4 prefund. So, for example, if a client wishes to purchase  
5 bitcoin, they would first prefund the amount that's required  
6 to GAP. GAP would then proceed to engage in back-to-back  
7 trades to obtain that bitcoin, and then sell it to the  
8 client. But again, the funds are prefunded.

9 So given the limited nature of this activity and  
10 given the importance to the business in terms of preserving  
11 our relationships with Asian clients, we think that it's  
12 appropriate to continue doing so. And again, we -- we're  
13 happy to tweak the wording in the automatic stay order.  
14 Again, the purpose of that order was really just to make it  
15 clear that the automatic stay is applicable to creditors.  
16 But of course happy to clarify the activities that the  
17 Debtors are currently engaged in.

18 THE COURT: All right. And it may be that simply  
19 trading -- changing the caption of the order might be the  
20 thing that makes the intent of the order clear in the sense  
21 of order providing for the limitation of automatic stay and  
22 -- I'll leave it to you all to figure that out. But that  
23 may -- you're right, there's been a cessation of certain  
24 activities voluntarily that sort of might give a misleading  
25 impression as to what's a result of the Bankruptcy Code per

1 se and what's not.

2 So, Mr. Zipes, any further thoughts in light of  
3 Ms. VanLare's comment?

4 MR. ZIPES: We appreciate those comments. And it  
5 may -- the questions may be better directed in the next  
6 motion to be heard. But I think the question basically that  
7 we asked earlier before the hearing as well was just if we  
8 can get some parameters of what they expect that trading to  
9 be over the next couple weeks and what is considered  
10 ordinary course in that regard. Because there is --

11 THE COURT: So I think I understand where you are.  
12 So anybody else wish to be heard in connection with this  
13 automatic stay motion?

14 MR. ROSEN: Your Honor, it's Brian Rosen again.  
15 And this may be just a title issue in the ordinary course,  
16 and it may be for the next motion as well. But one of the  
17 things we did contact Ms. VanLare about and we were unable  
18 to touch base was intercompany transactions. And I don't  
19 know, Jane, if you're going to take it up in the next item.

20 She is. Okay, Your Honor.

21 MS. VANLARE: Yes, I will.

22 THE COURT: No, that's fair. So I think my  
23 suggestion would be -- but I'm open to other better  
24 suggestions, is to change the order of the -- the title, I'm  
25 sorry, of the order to make it clear what it's about, which

1 is notifying folks about the application of the United  
2 States Bankruptcy Code to the Debtor's operations. And so  
3 whether it's order, you know, providing for implementation  
4 or providing notice of existence of the automatic stay,  
5 something to that effect. Because I think that that's what  
6 the rest of the order actually does. And I think the issues  
7 we're talking about really are -- relate to the next motion  
8 and are properly sort of housed there.

9 So I think this -- I have entered this kind of  
10 order before in Republic Airways, which is cited, and even  
11 as far back as I think 2011 or 2012 in Arcapita, which is a  
12 Bahraini investment bank. And they asked for it because  
13 they needed to explain to folks that they did business with  
14 who are not familiar with the U.S. Bankruptcy what the  
15 impact was of the filing.

16 So I will leave it to you and Ms. VanLare to tweak  
17 the title of the order. I think that would resolve any  
18 issues because I think the order itself, as I think is  
19 entirely appropriate, essentially goes through what the Code  
20 provides. And so I don't think there's any daylight between  
21 the provisions of the order and the provisions of the Code.  
22 So I think it's an entirely appropriate request under the  
23 facts and circumstances here. And I think the text of the  
24 order is -- I find no fault with it at all. So just tweak  
25 the title and I think it will be fine.

1 And with that, I think that leaves this one other  
2 matter to talk about.

3 MS. VANLARE: That's right, Your Honor. Thank you  
4 very much. We will make that tweak to the order.

5 So next and last as far as the first day relief is  
6 the Debtor's cash management motion.

7 In this motion, the debtors are seeking  
8 authorization to continue to operate the debtor's existing  
9 cash management system, including the existing bank  
10 accounts, on our certain prepetition obligations relating  
11 thereto, and to maintain our existing business forms. We're  
12 also seeking permission to continue intercompany  
13 transactions and granting certain administrative claims,  
14 seeking to extend the time to comply with the requirements  
15 of Section 345 of the Bankruptcy Code and certain related  
16 relief.

17 So in terms of those requests, Your Honor, we  
18 describe in our cash management motion the existing cash  
19 management system. We provide the bank accounts and we  
20 describe the flow of funds. We have been in discussions  
21 with the Office of the U.S. Trustee regarding the accounts  
22 and the applicability of Section 345 of the Bankruptcy Code.  
23 We are seeking a 45-day extension with the ability to seek  
24 further extensions. But we think that we'll be able to work  
25 cooperatively with the U.S. Trustee's office regarding

1 accounts. We do note a lot of our accounts actually are at  
2 conforming institutions, but we do have some accounts that  
3 are not. And so we will be proceeding to close those  
4 accounts and/or relocate the funds at those accounts. The  
5 amounts in those accounts are relatively small already with  
6 the exception of the brokerage accounts. The brokerage  
7 accounts are at a non-conforming institution. They -- and  
8 we will be working with the Office of the U.S. Trustee to  
9 come up with a resolution. There are, to be honest, not  
10 that many options for certain types of digital asset related  
11 shares. But we'll be working with the office to come up  
12 with a resolution that's satisfactory.

13 In addition, we are seeking to maintain our  
14 cryptocurrency wallets on third-party platforms that store  
15 substantially all of the Debtor's digital assets. We have  
16 been -- we have communicated again with the Office of the  
17 U.S. Trustee regarding where those assets are. We obviously  
18 are extremely focused on maintaining the security of those  
19 assets, and we are seeking authority to maintain those  
20 wallets.

21 We are also seeking authority to pay all  
22 outstanding bank fees. This is fairly typical, Your Honor,  
23 of course. We think that those fees are fairly minimal in  
24 the context of this case, and we don't expect them to exceed  
25 \$3,000 a month.



1           Lastly, I will note the intercompany transactions,  
2       which Mr. Rosen brought up. The Debtors do maintain  
3       business relationships with each other that gives rise to  
4       claims among the Debtors and certain of their non-debtor  
5       affiliates, as well as each other. We are seeking authority  
6       to continue to enter into intercompany transactions, and we  
7       are seeking to accord the intercompany claims,  
8       administrative claim priority. I will note that the Debtors  
9       are not intending to make any transfers to non-debtor  
10      affiliates. And during the interim period and to the extent  
11      there are any, we will make sure that they are appropriately  
12      recorded, and that information will be provided to the  
13      Office of the U.S. Trustee and the Committee once it's  
14      appointed.

15           THE COURT: All right. And let me just ask you  
16      about the intercompany transfers in light of the fact that  
17      the lending business is -- there's a pause on that and there  
18      will be notice before that resumes. What impact does that  
19      have on intercompany transfers as opposed supposed to say  
20      the spot trading business?

21           MS. VANLARE: Yes, Your Honor, of course. That  
22      has meant that the volume of intercompany transactions has  
23      decreased substantially. And really what remains are  
24      largely reimbursement type expenses for administrative  
25      expenses for the Debtors. So they are relative to typical

1 operations substantially smaller.

2 THE COURT: All right. All right. So let me  
3 circle the virtual room on this, starting with Mr. Zipes.

4 MR. ZIPES: Yes, Your Honor. Greg Zipes with the  
5 U.S. Trustee's Office. Again, we've been in discussion.  
6 These are not easy cases. And, Your Honor, we have the  
7 crypto assets that are being held on the cloud through third  
8 party companies. We did want to confirm with the Debtors  
9 the security protocols and maybe place a little bit of that  
10 on the record, Your Honor. It's not the place to go into it  
11 in detail, but just to outline in general terms how the  
12 cryptocurrency is being protected. We did agree to this on  
13 an interim basis, and we would hope to work out all cash  
14 management issues. In a more traditional case, most of the  
15 banks and the accounts are in authorized depositories and we  
16 would no doubt be able to work out that aspect of it with  
17 the Debtors in the interim. But we are focused on the  
18 cryptocurrency and the protection of that because of the  
19 significant dollars.

20 THE COURT: All right. Thank you.

21 Mr. Rosen?

22 MR. ROSEN: Yes, Your Honor. I thought Ms.  
23 VanLare was going to go a little bit further with respect to  
24 the intercompany transactions. But really what we are most  
25 concerned about is anything outside the ordinary course.

1 And by ordinary course what I focus on, and I think some of  
2 the other people on the call would focus on, if in fact  
3 there is a shared services type of agreement, then they need  
4 to pay for those services or wages and things like that that  
5 someone else is fronting for them. I would understand that  
6 type of payment, that intercompany transaction. What we're  
7 most concerned about is anything lending related or the  
8 passage of assets among the entities other than through the  
9 payment of those types of goods and services.

10 So if we could get a representation in that regard  
11 that none of that will occur, that would actually take care  
12 of it for me, Your Honor.

13 THE COURT: All right. Ms. VanLare, any thoughts?

14 MS. VANLARE: Yes, Your Honor. With respect to  
15 that, we're not -- I can represent that we are not intending  
16 to engage in those types of transactions in the interim, and  
17 we can -- Mr. Rosen, we're happy to discuss those issues  
18 offline as well to provide that information.

19 MR. ROSEN: Thank you very much.

20 THE COURT: Thank you. And I suspect that also is  
21 a helpful bit of information for the U.S. Trustee's Office  
22 as well.

23 Mr. Marcus, it looked like you wanted to weigh in.

24 MR. MARCUS: I did. Thank you, Your Honor. We  
25 had the same concern that Mr. Rosen raised. We had some

1 conversations with Ms. VanLare. I thought it was going to  
2 be a representation that they weren't going to happen during  
3 the interim period. It sounds like they have no intent, but  
4 it may happen. And if that's the case, obviously we would  
5 like to receive the same information that everyone else is  
6 getting just to make sure we are kept in the loop, Your  
7 Honor.

8 THE COURT: All right. Any other party wish to be  
9 heard as to this motion?

10 MR. ZIPES: Your Honor, Greg Zipes with the U.S.  
11 Trustee's Office. Could you give me one second, please?

12 THE COURT: Sure.

13 MR. ZIPES: Your Honor, I think that everything is  
14 clear and there won't be transfers to non-debtors from the  
15 debtors during the interim period except as was outlined by  
16 Ms. VanLare. We also just wanted to confirm that the crypto  
17 is not being transferred to the books or the accounts of  
18 non-debtors as well. And I think it's clear that that's not  
19 going to happen, but we just wanted clarification on that.

20 MS. VANLARE: I can confirm that the crypto assets  
21 are not being transferred to non-debtor entities.

22 THE COURT: All right. Thank you for that.

23 So I don't know how these kinds of issues have  
24 been sorted through in other cases, Celsius, FTX, in terms  
25 of if you get back to sort of first principles, the notion

1 of making sure that none of the assets are at some undue  
2 level of risk or unnecessary risk. And that sounds like  
3 that's something that's going to be discussed among the  
4 stakeholders, particularly with the brokerage accounts,  
5 which is if you look at the chart, which is very helpful by  
6 the way, in the motion starting at Page 7 and going through  
7 Page 10. That's really where the assets are.

8 And so I did note that there was a reference to  
9 investment practices, but there wasn't really much of an  
10 explanation about that. That might get some of the way  
11 there. It might be a helpful bit of information to have  
12 some understanding as to what those brokerage accounts --  
13 what the practices are in detail to understand what  
14 protections there are and what level of risk there is to  
15 that -- to those assets which is, you know, you look at  
16 Continental Stock Transfer and Trust, \$358 million. So  
17 those numbers and that particular point of the chart jump  
18 off the page.

19 So I would think that's part of it. I'm happy if  
20 folks want to work out -- I understood there were questions  
21 and representations, and that's great and that's helpful.  
22 And I appreciate both the thought in terms of my folks to  
23 ask those kinds of specific questions and as well as the  
24 Debtor's obvious preparation to be able to answer those  
25 kinds of questions that Ms. VanLare fielded.

1           To the extent that anybody wants to put something  
2     in the order, obviously the Debtors would circulate language  
3     to the extent anybody wants to memorialize some of that kind  
4     of language for purposes of intercompany transfers,  
5     transfers in general, the kinds of things we were talking  
6     about here today. But the brokerage accounts are really --  
7     and the investment practices that would include protections  
8     are things that obviously were more of a concern to me.  
9     There are a couple of other ways to sort of think about  
10    this.

11           When I was looking at the accounts, obviously  
12    Signature Bank is an authorized depository. There are other  
13    ones that are not. Some of these accounts that are zero, as  
14    an outsider who is not familiar with the way the debtor's  
15    business works in the kind of detail that you folks are,  
16    questions are -- how much money goes into those accounts,  
17    what kind of balances they can end up with, and are there  
18    sweep accounts. If so, when is the money swept from  
19    accounts into a master account. All those kinds of things  
20    might be helpful to know in terms of understanding that if  
21    accounts generally have a balance of zero, that maybe they  
22    are the kinds of accounts that nobody would be having  
23    particular concerns about, say for example the ones at  
24    Silvergate Bank. And so I suspect some of those things can  
25    be dealt with without too much difficulty in terms of

1 additional information. But I think the brokerage accounts  
2 are -- and intercompany transfers are probably where the  
3 rubber most hits the road.

4 So those are the sort of things -- I don't know if  
5 there's anything else worth putting on the record in  
6 connection with those issues that hasn't already been  
7 addressed.

8 Ms. VanLare?

9 MS. VANLARE: Yes. I just want to add, Your  
10 Honor, something about the investment practices that you  
11 noted and then the brokerage accounts. Those are really  
12 separate in the sense that investment -- we try to clarify  
13 this as well in the motion. It refers to accounts  
14 maintained at Signature Bank. Really they are unlike kind  
15 of what one would typically think of as investment accounts.  
16 They're actually bank deposit -- they're savings accounts.  
17 So I did want to make that clear.

18 THE COURT: All right.

19 MS. VANLARE: I know the defined term refers to  
20 investments, but they're really bank deposits and savings  
21 accounts that are at Signature, which is an approved  
22 institution.

23 I think that's separate from the other issue you  
24 noted, which are the brokerage accounts that do have over  
25 \$350 million worth of certain shares. And that's -- I

1 understand that that's something that we are discussing with  
2 the Office of the U.S. Trustee as to what to do with that.  
3 As I mentioned, given the nature of those shares and the  
4 digital asset industry, it's extremely difficult to find an  
5 alternative that would be an appropriate approved  
6 institution. But we are, again, open to trying to find a  
7 resolution that's satisfactory to the U.S. Trustee as well  
8 as Your Honor.

9 THE COURT: All right. Thank you very much. Yes,  
10 so I guess then my question, if the investment practices  
11 that are referenced in Paragraph 18 of the motion really to  
12 go the Signature Bank accounts, then I guess the question is  
13 how the brokerage accounts are handled in terms of what  
14 level of risk. There's obviously reference to collateral  
15 being held in the form of shares for certain or other  
16 things. I don't know if that's implicated by these  
17 particular accounts or not. So any -- and again, this may  
18 all be information that you all are much further along on  
19 and have a much better handle on than I do. But that kind  
20 of thing would be helpful to have a sense, because I think  
21 it just -- thinking about this as you think about any case,  
22 the level of risk, what's the expectation. And I guess that  
23 has to do with both the kind of account and what the  
24 institution is where the asset is being held, but also what  
25 is the expectation as to, you know, potential withdrawals of



1 those kinds of assets from those accounts and under what  
2 circumstances, how are those accounts used.

3 So I will leave it to you all to have those  
4 discussions. I know they are challenging. And I very much  
5 appreciate that you all have already had discussions. We  
6 all know that these cases -- all cases work so much better  
7 with counsel and doing exactly what you all are doing here.  
8 So I very much appreciate that you are well on your way to  
9 having these kinds of discussions. So thank you for that.

10 And so to the extent it would be useful, we could  
11 include that as part of any status conference that we had,  
12 if that makes life easier. At the same time, if it's -- I  
13 don't want to bog you all down with having a to-do list  
14 that's unnecessary if you're making progress, then we'll  
15 deal with it at the second day hearing. But you'll let me  
16 know after talking to each other whether that would be  
17 helpful or just an albatross for purposes of including on  
18 the agenda sort of an intermediate hearing/status  
19 conference.

20 Anybody have anything else to add in connection  
21 with this motion?

22 MS. VANLARE: Your Honor, I'm sorry. I do have  
23 one other change that I wanted to note. We'll submit a  
24 revised form of order to Your Honor's chambers. But we did  
25 receive a comment from the SEC. I think this is fairly

1 typical language that they've asked to be included. It's  
2 really kind of a preservation for the avoidance of doubt  
3 that nothing affects their rights. So I did just want to  
4 flag that we'll be including that language in the revised  
5 form of the cash management order that we sent to Your  
6 Honor.

7 THE COURT: All right. That's fine. That's  
8 understandable. I had a couple of more minor comments on  
9 the order. So looking at Page 3, Paragraph 2, there is an  
10 address for the U.S. Trustee's office, and I know the U.S.  
11 Trustee's office has been moving. So I don't know if you  
12 currently still are at Barrack Street or you now should be  
13 sent things somewhere else.

14 MS. VANLARE: Yes, we -- oh, I'm sorry. I was  
15 going to say that's another revision that you will see.  
16 Yes, we have made that change.

17 THE COURT: I always like to mention the revisions  
18 and the issues that are nice and easy to resolve. So it's a  
19 nice layup. So we can end on a high note.

20 So I think the only other thing I had that hasn't  
21 already been discussed is -- one second here to just read my  
22 notes. Oh, I think for purposes of new accounts, which is  
23 in Paragraph 12, again, the same notion of keeping the  
24 Committee and any other ad hoc committees that you think are  
25 appropriate to include sort of in the loop on that, that

1 would be helpful. And I think we already talked about the  
2 spot trading transactions in Paragraph 6. We talked about  
3 the fees that are being charged on the accounts. Also I  
4 think all ordinary fees. That's in Paragraph 10.

5 And so I'll end on an exceedingly mundane note  
6 given what we've already talked about, which is whether to  
7 include Debtor statutes, Debtor-in-possession on any new  
8 business forms. It seems to be somewhat an antiquated  
9 question to ask since we're talking about sort of  
10 traditional business forms and we're talking about a  
11 cryptocurrency case where -- it's like talking about faxes.  
12 So I don't know if there would be business forms that would  
13 be generated after the case starts and whether putting that  
14 on for dealing with your foreign counterparties would be  
15 counterproductive or not. So I just wanted to raise it as a  
16 more mundane kind of issue that we often discuss.

17 MS. VANLARE: Your Honor, we will confirm that and  
18 add it if it's needed.

19 THE COURT: All right. With that, any other  
20 question or comment from any other party on this motion?  
21 All right.

22 I am happy to grant this motion on an interim  
23 basis for all the reasons set forth in the motion and given  
24 that the motion sort of is supplemented by the additional  
25 information and discussions and representations on the

1 record here this afternoon. And again, I will leave it to  
2 you all as to whether we should have a further discussion  
3 about this when we get together for a status dealing with  
4 redaction and mediation, although it sounds like various  
5 parties are confident that we won't need to be talking about  
6 mediation.

7 So with that, I think Ms. VanLare and Mr. O'Neal,  
8 unless you have anything else to discuss, I think we could  
9 turn to scheduling. Is that right?

10 MR. O'NEAL: Yes, Your Honor. Thank you.

11 THE COURT: All right. So I'm happy to get you an  
12 intermediate date maybe sometime next week if that would be  
13 of use. I do have one complicating factor, and I apologize  
14 for this. I am actually going to be overseas the week of  
15 February 13th, which I suspect would be the week we would  
16 normally schedule a second day hearing. It doesn't mean  
17 that it's impossible for me to do a hearing from where I am,  
18 but it might mean that perhaps if we can pick a date earlier  
19 in the following week if that doesn't present a problem.  
20 Otherwise, I can see what I can figure out. But I did want  
21 to let you know that week of the 13th is -- I am overseas.

22 And so let me ask Debtors what they have in mind  
23 for scheduling with that given all that.

24 MS. VANLARE: Your Honor, I have to admit, I was  
25 envisioning the week of February 13th. I don't think it

1 should be a problem to do the early (indiscernible) week.  
2 If it's all right with Your Honor, I would like to confer  
3 some of the other parties and my colleagues and perhaps be  
4 in touch with chambers as far as setting up a specific date.

5 THE COURT: That would be fine. That would be  
6 fine. And I'm happy to get you in any date that you would  
7 want the following week. The 21st, 22nd, 23rd, whatever  
8 works for you. And we'll wait to hear from you as to what  
9 would work best after your consultation with other  
10 interested parties.

11 Do you want to pick a date now for essentially --  
12 to put a placeholder in for a status conference next week?  
13 Or whenever you think would be helpful. I don't want to  
14 schedule it prematurely. Again, the idea of it is to be  
15 helpful, not to have it be an additional burden.

16 MR. O'NEAL: Your Honor, we do believe that a  
17 status conference would be helpful to our process. What I  
18 would suggest is, kind of consistent with the way we've been  
19 approaching this case, would want to confer with some of the  
20 key stakeholders and come up with a date that works. I know  
21 that there are some significant travel schedules next week  
22 for some of the parties. And we'll come up with a proposal  
23 if that's okay with you.

24 THE COURT: That would be fine. That would be  
25 fine.

1 MR. O'NEAL: Perfect.

2 THE COURT: So I will throw it out that certainly  
3 the dates I was going to throw out were the 1st and the 2nd  
4 of February to begin with. So -- but also the 30th, which  
5 is the Monday, if that's helpful. I could sneak you in the  
6 31st, although that's looking to be a fairly long calendar  
7 as it is, and I don't want to have all you people waiting as  
8 I get through another calendar. So I throw it out there,  
9 those dates. But obviously you'll reach out to Ms. Ebanks  
10 about scheduling and, frankly, talking to her you're in  
11 better hands than chatting with me, to be quite candid.

12 MR. O'NEAL: Certainly. And my guess is probably  
13 the right date is the 30th.

14 THE COURT: All right.

15 MR. O'NEAL: If that works.

16 THE COURT: So with that, let me ask Debtor's  
17 counsel of there's anything else that we need to address  
18 here this afternoon.

19 MS. VANLARE: Nothing else, Your Honor.

20 THE COURT: All right. Anything from any other  
21 party to address? All right. So I'll just leave -- before  
22 we leave, I will do one thing, which is to so order the  
23 record for purposes of the relief that's been granted.  
24 Obviously you'll be getting me revised orders. And again,  
25 make sure to get me orders for each motion. I think most of

1       them have a little tweak somewhere or another. But even if  
2       for, like, joint administration has no tweak, just send it  
3       along so we make sure to do that and that we have the most  
4       up-to-date version of the order. But I will so order the  
5       record so folks know that they have the relief and can act  
6       accordingly.

7               And with that, unless there's anything else, thank  
8       you all very much for everybody's assistance in a productive  
9       and efficient hearing. Have yourselves a good evening and  
10      look forward to seeing you soon.

11             MR. O'NEAL: Thank you, Your Honor.

12             THE COURT: Thank you.

13             MS. VANLARE: Thank you very much.

14             (Whereupon these proceedings were concluded at  
15      4:34 PM)

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C E R T I F I C A T I O N

I, Sonya Ledanski Hyde, certified that the foregoing  
transcript is a true and accurate record of the proceedings.



Sonya Ledanski Hyde

Veritext Legal Solutions

330 Old Country Road

Suite 300

Mineola, NY 11501

Date: January 24, 2023